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Bosnia Peace Talks Continue in Geneva

'Freezing' of Current Situation Feared

LD0606120394 Zagreb Radio Croatia Network in Serbo-Croatian 1100 GMT 6 Jun 94

[Text] After the talks between the joint Croat-Bosniak delegation and Yasushi Akashi and his aides, Bosnia-Herzegovina Federation President Zubak said: We have completed the first round of talks, during which we presented to Mr. Akashi our proposal for an agreement which would mean the cessation of hostilities in Bosnia-Herzegovina. The essence of our proposals is that the deadlines and modalities of establishing a cease-fire should not lead to the freezing of the current situation in Bosnia-Herzegovina, President Zubak said.

Federation Vice President Ganic added that he expects a new round of talks at 1700, not with [Bosnian Serb leader] Karadzic but with Akashi and his team of military experts who are supported by cochairman Stoltenberg and a UN team.

Secretary-General Butrus-Ghali and his special envoy Akashi had a meeting in the Palais des Nations this afternoon. They discussed the modalities and deadlines for a cease-fire in Bosnia-Herzegovina. The United Nations is hoping that the cease-fire negotiations will begin today.

Butrus-Ghali Confers With Officials

LD0606141494 Belgrade TANJUG in English 1339 GMT 6 Jun 94

[Text] Geneva, June 6 (TANJUG)—U.N. Secretary-General Butrus Butrus-Ghali, who arrived in Geneva late on Sunday, early on Monday conferred with his special envoy to former Yugoslavia Yasushi Akashi and Co-Chairman of the Conference on the Former Yugoslavia Thorvald Stoltenberg, it was said in the U.N. headquarters in Geneva. Akashi gave Butrus-Ghali a detailed account of the efforts made over the past four days in order to enable the beginning of a conference on a comprehensive cessation of hostilities in Bosnia-Herzegovina, said a spokesman at the U.N. headquarters in Geneva.

Butrus-Ghali was pleased with the fact that Akashi's efforts were fruitful and expressed hope that this would pave the way to a comprehensive political settlement in Bosnia-Herzegovina.

Speaking on behalf of the mediators and the two negotiating sides (the Bosnian Serb republic and the Moslem-Croat federation), the spokesman has officially confirmed that the talks began at 11.15 A.M. (0915 GMT) on Monday with a meeting between Akashi and Vice-President of the Moslem-Croat Federation Ejup Ganic. Butrus-Ghali especially thanked Akashi for providing a platform for the beginning of the talks and promised to give him his full support in the forthcoming negotiating process.

Karadzic Wants 'Permanent' Cease-Fire

LD0606153794 Belgrade TANJUG Domestic Service in Serbo-Croatian 1422 GMT 6 Jun 94

[Text] Geneva, 6 Jun (TANJUG)—Srpska republic president Radovan Karadzic has said that he is ready to sign a document on a permanent cessation of hostilities throughout the territory of the former Yugoslav Republic of Bosnia-Herzegovina. Karadzic stressed that the Serb side is in favor of a permanent, not limited, cessation of all forms of hostilities.

Early this morning, at a meeting between Yasushi Akashi, the UN special envoy for the former Yugoslavia, and Muslim Vice President Ejup Ganic [title as received], the Muslim-Croat side insisted that it would accept only two months of a cessation of hostilities at the most. The Muslims and Croats believe that in that period an agreement on the basis of the contact group's proposal for the territorial division of the former Yugoslav Republic of Bosnia-Herzegovina should be reached.

Ganic told Akashi that "the Muslim-Croat side does not, under any circumstances, want the Geneva conference to freeze the current situation in former Bosnia-Herzegovina."

Zubak Criticizes UN Proposals

LD0606162694 Zagreb Radio Croatia Network in Serbo-Croatian 1500 GMT 6 Jun 94

[Text] The Serbs have withdrawn from their positions around Gorazde, thus breaking the stalemate in the Bosnia-Herzegovina cease-fire negotiations in Geneva. A Croat-Bosniak delegation presented its views on the cease-fire conditions, and Federation President Kresimir Zubak commented on the UN proposals. Croatian TV journalist Jozo Curic has a report from Geneva:

[Begin recording] [Curic] Can you explain in brief which parts of the UN proposals are unacceptable to the Federation and what the essence of the Federation's new proposal is?

[Zubak] We do not consider acceptable the parts of the proposal offered to us setting out that the cease-fire ought to last for four months, with the separation of forces 2 km from each side of the current front line, and the withdrawal of heavy weapons, over 12.7-mm, to a distance of 20 km from the current front lines. We do not consider good the proposal that the UN Protection Forces [UNPROFOR] should be deployed between us. We believe, on the basis of Croatia's experience, that this may freeze the present situation for a longer period of time, and if a political solution is not reached, then this solution would be a preparation for some other political solutions.

[Curic] What is the essence of the new proposal put forward by the Federation?

[Zubak] We are proposing that this cease-fire period should be for four to six weeks, and that intensive political talks in that period leading to a comprehensive resolution of the crisis in Bosnia-Herzegovina, a political agreement, should continue. We have likewise proposed that heavy weapons should not be withdrawn 20 km from the front lines, but should be collected at several points, just as in Sarajevo, and that UNPROFOR control over these weapons should be secured. We also consider that personnel should not be withdrawn 2 km from the current frontlines, and think that UNPROFOR should not be deployed between us; instead, UNPROFOR should be behind our backs and behind our enemies, monitoring from there whether we are observing the cease-fire agreement and to what extent. [end recording]

Bosnian Presidency Statement

AU0606191194 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1700 GMT 6 Jun 94

[Text] The cabinet of our country's president of the Presidency has released a statement explaining the position of the Federation and Republic state delegation at the negotiations.

The delegation demands that the cease-fire throughout the territory of Bosnia-Herzegovina should be for a period of four weeks. Arms of 12.7-mm caliber and upwards must be concentrated far from the front lines, and have to be guarded and monitored by the UN Protection Forces [UNPROFOR] and NATO. The monitoring of the cease-fire and communication between the opponents would be secured by UNPROFOR according to the procedure coordinated with the legitimate authorities in Bosnia-Herzegovina.

The Bosnia-Herzegovina delegation also insists on guarantees for the unimpaired passage of humanitarian organizations throughout Bosnia-Herzegovina, the immediate release of all civilians held by the aggressor side, the unconditional and immediate opening of Tuzla airport for the delivery of goods for civilian purposes, the cessation of ethnic cleansing, and the effective implementation of all Security Council resolutions regarding the protection of security zones.

The negotiations in Geneva are not being conducted directly with the representatives of the aggressor, but according to the principle of separate rooms. UN representatives are acting as mediators for the proposals of the parties involved, reads the statement from the cabinet of the president of the Bosnia-Herzegovina Presidency.

UN Insists on Four-Month Cease-Fire

AU0706123394 Paris AFP in English 0932 GMT 7 Jun 94

[Excerpts] Geneva, June 7 (AFP)—UN special envoy Yasushi Akashi said Tuesday that he would insist that Bosnia's warring parties accept a four-month countrywide ceasefire at peace talks that entered their second day here. Akashi, asked if he would be prepared to reduce the duration of the ceasefire as demanded by the Moslem-led Bosnian government and their Croat allies, answered firmly: "No, I am not." But, he added "our negotiation with both parties separately is proceeding exceedingly well. The atmosphere is businesslike, frank and friendly."

The duration of the ceasefire is one of the principle sticking-points in the ceasefire talks which began here Monday between Bosnia's Croats, Moslems and Serbs, UN diplomats said. [passage omitted]

Akashi said that although the ceasefire talks were "separate from a political settlement ... of course the two agreements have to be closely linked." Akashi said there were still "a few difficult questions which have to be resolved." But, he added "we will make every effort possible to anchor the agreement by tonight." [passage omitted]

Akashi was due to meet the Serb delegation led by Radovan Karadzic Tuesday morning for an hour before joining a meeting between UN Secretary General Butrus Butrus-Ghali and the joint heads of the Bosnian delegation, Kresimir Zubak and Ejup Ganic, around 11:30 a.m. (0930 GMT). "Then we will see the Bosnian side and the Serb side and we will repeat this throughout the day," Akashi said.

The UN envoy said he did not envisage the Bosnian and Bosnian Serb delegations would sit at the same negotiating table except "for the signature" of an agreement.

Bulgarian Socialist Party Holds 41st Congress

Videnov Comments on First Day

AU0306191694 Sofia Khorizont Radio Network in Bulgarian 1600 GMT 3 Jun 94

[Text] Some 45 foreign and 255 Bulgarian journalists covered the 41st Bulgarian Socialist Party [BSP] Congress, which opened today. Our reporter Lilyana Yancheva, who will summarize the first day of the congress, was among them.

[Yancheva] I would like to say that the report that party leader Zhan Videnov read today was well-received by the delegates, despite the fact that statements made during the afternoon debate were rather critical. This is precisely what I want to ask Mr. Videnov, who is sitting next to me: What do you think were the most essential and critical elements in the statements of the delegates who came to the congress from all parts of the country.

[Videnov] I think that it is too early to say precisely what the focus of the discussion was, what the basic conflict it engenders is, and what direction the possible resolution will take. I think that the congress will determine the country's political calendar for the current year, and our resolution will contain the opinion of the Bulgarian Socialists regarding the tests that lie ahead. The fact that the congress agenda was amended today proves this. Now it contains the BSP election platform.

A dispute broke out regarding the question of whether the democratic character of the transition will be guaranteed if a governmental and parliamentary crisis develops; guarantees were sought for a future leftist or leftist-centrist government, including listening to the opinions of our present and potential coalition partners. I think that this subject will unfold tomorrow, during the second day of the congress.

[Yancheva] There were some very interesting statements on the part of Roma delegates to the congress; they voiced interesting claims.

[Videnov] The Bulgarian Romas have the right to present claims to all political forces, state institutions, and public organizations. They have an exceptionally unequal social status, and they are also subject to serious discrimination, against which Bulgarian society as a whole and its institutions do not fight. Thus, I think that each party should think about this, and our party will certainly do so.

Debate Over Charter Continues

AU0506154394 Sofia Khorizont Radio Network in Bulgarian 1300 GMT 5 Jun 94

[Text] The discussion on the new charter of the Bulgarian Socialist Party [BSP] has been going on for six hours now. Thus, the forecast of many delegates—that the basic party document would be adopted without any problems—has been proven wrong. According to our correspondents at the congress, the delegates have only adopted only one-third of the charter's articles so far. However, according to circles in the BSP Supreme Council, the basic work is still to come because the disputed articles related to the BSP Supreme Council's rights and prerogatives, its relations with the parliamentary factions, and the elections of the DUMA chief editor have not yet been discussed.

Our correspondents have predicted that because of the prolonged discussion on the charter, the 41st BSP Congress will begin the procedure to elect the new BSP leading organs and party leader late tonight or possibly even tomorrow morning. Different names of possible candidates for the post of party leader are mentioned in the corridors—among them Zhan Videnov, Aleksandur Marinov, Yanaki Stoilov, Nikolay Kamov, and Georgi Pirinski.

Delegates Adopt New Charter

AU0606092794 Sofia Khorizont Radio Network in Bulgarian 0400 GMT 6 Jun 94

[Report by Silviya Velikova from the 41st Congress of the Bulgarian Socialist Party in Sofia—live]

[Text] Good morning from the National Palace of Culture. A little before midnight, after devoting almost three times longer than expected to the debate on the draft charter of the BSP [Bulgarian Socialist Party], the delegates succeeded in adopting the new charter. Having concluded the debates on the section of the new charter that prescribes the procedure for electing the BSP Supreme Council, the All-Party Control-Auditing Commission, and the chairman of the Supreme Council, the delegates started discussing the candidates for posts in the supreme BSP organs. The voting went on for almost three hours. After the results are announced, the congress will go into another closed session to discuss the candidatures for the chairmanship of the Supreme Council. According to unofficial information, along with the present leader Zhan Videnov, Georgi Pirinski and Aleksandur Marinov are also in the contest.

The delegates also have to vote on the political resolution of the 41st BSP Congress. The main point in the resolution is that the Socialists call for early parliamentary elections in the fall of 1994. According to the resolution, power in the country can be stabilized only through new national elections. The congress continues.

Videnov Reelected to Supreme Council

AU0606133094 Sofia Khorizont Radio Network in Bulgarian 1300 GMT 6 Jun 94

[Text] Zhan Videnov has been reelected chairman of the Bulgarian Socialist Party [BSP] Supreme Council. According to the Election Commission, 688 delegates voted. Some 640 supported Videnov. The delegates in the congress hall greeted this report with applause. Some 47 delegates voted against Videnov and one abstained.

The results of the All-Party Control Commission election are expected in about 30 minutes.

Four prominent socialist deputies of the Alliance for Social Democracy failed to gain the minimum required votes—50 percent plus one vote—which is a condition for entering the BSP Supreme Council. Dimitur Yonchev, Velislava Dureva, Rosen Karadimov, and Elena Poptomova were not elected by the delegates who voted for the supreme party organ membership. Andrey Lukanov also failed in the election for membership in the BSP Supreme Council.

Proceedings at BSP's 29 May Plenum Reported

AU0606111394 Sofia KONTINENT in Bulgarian 30 May 94 p 1

[Report by Svetlana Belousova: "Bulgarian Socialist Party Initiates Petition To Topple Berov"]

[Text] At the first sign of deterioration in the social situation in the country, Yuri Borisov will initiate a petition among the deputies of the Parliamentary Union for Social Democracy [PSSD] with the demand to propose a vote of no-confidence in Lyuben Berov's cabinet. The deputy informed journalists of his intention during the 29 May plenum of the Bulgarian Socialist Party [BSP].

At their two-day national meeting in Karlovo the members of the Socialist Youth Union [SMS] decided that their organization should leave the PSSD if a petition aimed at prompting a no-confidence vote is not immediately initiated, SMS leader Lyubomir Nikolov announced on 29 May.

The upcoming 41st BSP Congress should direct the party's activity toward holding early elections, while the PSSD should facilitate the adoption of the necessary laws by the end of the summer vacation, BSP leader Zhan Videnov insisted in the draft resolution he proposed at the plenum. Videnov also proposed to the PSSD deputies to reject changes in the cabinet which lead toward asserting a party character in this organ. In yet another proposal he suggested to the PSSD to deny support to the governmental program until September 1994, and seek possibilities of initiating joint activities with the trade unions vis-a-vis the cabinet and the social commitments it assumed.

In his statement he clearly implied that in anything related to amendments in the Constitution and the Election Law negotiations must be conducted only with the Union of Democratic Forces [SDS].

At the plenum Ananieva explained the situation related to the confidence vote, requested by the prime minister on 26 May. According to Ananieva, Aleksandur Tomov [leader of the Civic Alliance for the Republic] was trying to organize the support of 30 PSSD deputies for the idea of forming a pro-president government. The alternative of forming a caretaker cabinet had also been discussed, Ananieva said.

The young Socialist proposed a draft resolution calling on the PSSD deputies to carry out a vote of no-confidence in their chairman, but according to Videnov the proposal was not made in accordance to the correct procedure and was not discussed at the plenum because of its unserious character.

Berov, DPS Leader Discuss Cabinet Changes

AU0606172294 Sofia Khorizont Radio Network in Bulgarian 1600 GMT 6 Jun 94

[Text] On 6 June Prime Minister Lyuben Berov met Ahmed Dogan, leader of the Movement for Rights and Freedoms [DPS], and expressed his intention to submit a proposal on personnel changes in the cabinet at the 8 and 9 June National Assembly sessions.

Mr. Berov intends to propose Nedko Dobrilov, deputy minister of justice, for the post of minister of justice. Kiril Tsochev will be proposed for the post of minister of trade. Prime Minister Berov does not plan any structural changes in the Council of Ministers or new candidacies for the post of deputy prime minister.

Dogan said after the meeting that the DPS will decide tomorrow whether it will support those proposals, after meetings with Dobrilov and Tsochev.

Former DPS Deputies Form New Party

AU0506163294 Sofia KONTINENT in Bulgarian 30 May 94 p 1

[Report by Galya Nikolova: "Discontented DPS Members Form New Party]

[Text] Former deputies of the Movement for Rights and Freedoms [DPS] who left the parliamentary factions of the DPS and approximately 150 supporters established the Party of Democratic Changes over the weekend of 28-29 May. Mehmed Hodja was elected chairman, and National Assembly member Ismail Ismail and Sabri Hyusein, lawyer from Plovdiv, were elected deputy chairmen.

Statements made at the meeting voiced dissatisfaction with the DPS and its leaders. The new formation will seek an alliance with all non-communist forces and will reject any cooperation with the Bulgarian Socialist Party [BSP]. The new party categorically dissociates itself from the manifestations of nationalism and separatism, reads the program that was adopted. The charter stresses that any member disseminating nationalist ideas will be ousted from the party. The new party will struggle against the practice according to which minority members only become members of parties formed on an ethnic foundation. The party considers itself to be on the right side of the political spectrum and supports the mixed election system. The first national forum will take

place by the end of the year. Informed sources think that several local DPS branches will participate.

[DPS spokesman] Yunal Lyutfi described the new party as a new attempt to split the DPS and predicted that it will have the same fate as Adem Kenan's organization.

Growing U.S. Presence in Balkans Examined

AU0306193994 Sofia KONTINENT in Bulgarian 31 May 94 p 4

[Article by Krasimir Uzunov of the Balkan Agency: "Balkans Are Not Persian Gulf"]

[Text] The strong U.S. military presence in the Balkans during the last two years and the unconcealed and increasing appetites of the United States in the peninsula are well on the way to causing a huge row, which will certainly not be the last.

Albania's decision to hand over the Gjader air base in the vicinity of Tirana for the siting of radio monitoring equipment and the use of U.S. pilotless surveillance aircraft with an 800-km range are two links in a chain that now has to be explained to the overtrustful Balkan peoples. In itself, the ASSOCIATED PRESS's disclosure of the U.S. spy plane flights over the Balkans would be merely worrying, if other facts were not notable by their absence. The readiness of the Albanian authorities to hand over air bases for combat aircraft in the event it becomes necessary to bomb Serbian positions, doubts about the building of a military base for the U.S. land forces in what was formerly the most up-to-date testing grounds for the Yugoslav People's Army at Krivolak in central Macedonia [The Former Yugoslav Republic of Macedonia—FYROM], the additions to the U.S. "blue helmet" contingent, the gradual replacement of Scandinavian troops with U.S. troops,... all these are only some of the steps being made to step up the military activities of the United States in the southern part of the Balkans, now that it is free of Russian influence.

Although the forces and hardware that have been concentrated, in the classical sense, in this region have their attention directed mainly toward the events in former Yugoslavia, our criminal insouciance as immediate neighbors may, at a certain stage of development, at the very least turn out to be a bad thing for us.

Judge for yourselves. The Democratic Party of [Albanian] President Sali Berisha and Eduard Selami, which sits firmly in the saddle in Tirana, chose the U.S. military presence as a means of settling accounts with Serbia in their dispute over Kosovo. On the other hand, Tirana managed to provide solid financial backing for itself by getting Albania, a country with a varied religious composition, accepted into the Islamic Conference Organization.

What is worse is that the troops who have come to monitor the Serbian border are casting their eyes more frequently toward the border with Bulgaria. One also notes that the military hardware that is transiting Bulgaria is suspiciously heavy-weight in nature, and that the white plane that infringed our airspace (in the region of Gyueshevo) last week was certainly not a Macedonian one, and was even less likely to be Serbian or Greek.

You may say, what then? With our knowledge and consent or not, the strata in the Balkans have begun to move and the "hunting reserves" are beginning to change hands. In other words, the United States is now a state with a firm footing in the straits, at the surviving Greek bases, in Albania, and in the newly restored Republic of Macedonia. The concluding stage of the realization of this great goal is associated with numerous moves of the most varied kind: Montgomery's readiness to amend our Constitution at a certain juncture; the U.S. patronage of the illegal Ilinden United Macedonian Organization and of Kamen Burov's Pomak Democratic Party; its interest in so-called artificial minorities; the location of the American University nowhere else than in Blagoevgrad; the articles about Bulgaria's territorial claims on Macedonia that have been appearing with surprising consistency; and the formation of a pro-American lobby among our politicians, who, to further their own careers, are ready to turn their backs on and betray their own country's national interests.

In the context of all this open and surreptitious activity, AP's allegedly sensational revelations of U.S. spy plane flights over the Balkans only mark the beginning of something far more serious that might shake the states established in our eruption-prone peninsula. If those of our statesmen that still nurture pro-American feelings have not yet realized our geostrategic situation, I advise them to spend an hour or two perusing the map. The Balkans are not yet the [Persian] Gulf, although some people are very keen on them becoming so. One thing, we have no oil, and another, not all of us are yet inclined to become Muslims.

Russia's Lobov Views Results of Visit

AU0606122994 Sofia BULGARSKA ARMIYA in Bulgarian 2 Jun 94 P 1

[Interview with Oleg Lobov, secretary of the Russian Federation Security Council, by Georgi Aleksandrov; place and date not given: "In the Defense Industry It Is Illogical for Each of Us To Invent the Bicycle Separately...."]

[Text] [Aleksandrov] Mr. Lobov, what were the dominant issues in your talks with President Zhelyu Zhelev?

[Lobov] Most stress was placed on the joint documents we have signed that create a Bulgarian-Russian Intergovernmental Commission on Defense Industry Cooperation, the protocol on cooperation in military equipment, and the problem of the new transport link between Bulgaria and Russia. I gave Dr. Zhelev an oral message from the Russian president that confirms all the accords that the two leaders reached in 1992 during your president's visit to Russia. In his message, Boris Nikolayevich

drew attention to the fact that, despite the well-known difficulties in our bilateral economic relations arising from the transition to a market economy, our mutual trade increased by 20 percent in 1993. Because our transportation and communications system had deteriorated and been interrupted, which you know about (we now have to pass through eight borders and customs posts between Sofia and Russia), the president and I discussed our proposal to find an overall solution for this problem by restoring the direct sea link between Varna and Novorossiysk. Dr. Zhelev showed great interest in the completion of this project.

[Aleksandrov] What problems did you discuss regarding regional security? What are the prospects for expanding (not only on paper) our mutually beneficial cooperation in military production?

[Lobov] Yes, our visit is mainly in connection with security and cooperation issues in the field of military defense production. Bulgaria created its army on the basis of Russian weapons and arms produced in its own military plants, mainly under licenses granted by Russian enterprises. Of course, your country has weapons even now that it produces itself, because it has its own specialists, engineers, and designers. However, Dr. Zhelev and I agreed that this cooperation in the military industry field can be continued and further developed on a mutually beneficial basis, insofar as our economic, financial, and human resources permit. You yourself realize that it is illogical for each of us to separately invest immense funds "to reinvent the bicycle" when it, or at least parts of it, already exists both in Bulgaria and in Russia. Accordingly, in view of this fact we should think about how to draw mutual benefit from it. There is no disagreement between us on this, that is, in the defense industry we can successfully develop mutual cooperation, and I hope to investigate the conditions for this during our visit to Bulgaria.

[Aleksandrov] Mr. Lobov, what concerns you in the Black Sea region? Bulgaria has signed the Partnership for Peace initiative, but Russia has yet to sign it....

[Lobov] The problem is that the geopolitical situation has changed in the Black Sea region and the Balkans. We have to take these realities into account and consider them carefully, because we must maintain Russia's defense at a dependable level. This is why we want the Black Sea basin to remain a zone of peace, not a region for developing conflicts, and I believe that not only we Russians but also you people in Bulgaria have an interest in this!

Daily Publicizes Unaired Klaus TV Interview

AU0706110894 Prague RUDE PRAVO in Czech 3 Jun 94 pp 1, 3

[Unattributed "special report": "What Klaus Actually Said on NOVA Television"]

[Text] On Monday 30 May, NOVA Television recorded its regular "Why?" program, whose guest was Prime Minister V. Klaus. As we have reported, NOVA announced via CTK that it would not broadcast the program with Klaus due to a "technical error." In fact, this was not due to a "technical error" but because Klaus reacted acrimoniously to some of the questions from L. Beniak, and the program, according to RUDE PRAVO's information, was not aired at the request of the prime minister. The RUDE PRAVO editorial office has managed to obtain a recording of the program and, in view of the fact that the whole issue has meanwhile become politicized, it considers it necessary to fulfill its obligation to keep the public informed and to disclose some of the prime minister's replies. The NOVA management was still insisting yesterday evening, under the threat of legal action, that RUDE PRAVO not publish anything from the recording. We are publishing some excerpts that document the course of the interview.

[Beniak] I asked my friends abroad to send me all of the newspaper clippings possible in which they write about you. I found a couple of characteristic features in them: He has the talent to say terrible things in the most amiable way; he has an unfortunate aptitude for making enemies of people who support his policy; and he does not suffer in silence when he has to deal with people whom he regards as fools, including reporters. And, there are adjectives such as "virulent," "gruff," "hurtful," "contemptuous," "aggressive," and "arrogant." What affect does this have on you when they write that you are arrogant? Do you let it pass, or does it annoy you or bother you? Do you have the nasty feeling that someone does not understand you?

[Klaus] I think these are only some of the clippings. I think we could bring in completely different clippings. That was one tendency in these clippings, and it has become a definite cliche. I think that, when a reporter does not know what to write, does not know what to say, has no arguments, and so on, he resorts to these facile and unidirectional judgments, when it is not the substance but something superficial that is being assessed, and I really disagree with this. I do not believe that this is true.

[Beniak] Nevertheless, you are perhaps the only politician, or the only politician accessible to us, who, for instance, does not forgive reporters if they do not ask a question properly. You are certainly the only one. You immediately feel the need to point out that it is imprecise. Others react, let us say, politely, let it pass, and then answer.

[Klaus] We each have some proclivity. I have to admit that sometimes I chose this one, sometimes another. That I always correct reporters if it seems to me that the question is wrong, again I have to say that it would appear otherwise; this is simply not true. I repeat and I insist that sometimes a person chooses one technique and strategy and sometimes another.

[Beniak] Karel Hvizdala, when he wrote a book with you in 1992 called *First Report*, reminded you that, in reply to a question on what you consider to be your weakness, you once said: a lack of credence in opinions held by someone else. You said this on 4 April 1990 in an interview that I recorded with you and that you authorized. Do you think this was, shall we say, a slip of the tongue...?

[Klaus] Of course, I cannot, over four years, remember every single word that I said. I certainly could not have meant this, I could not have said.... I said that there may be a tendency toward this, or that there may be in this respect, if I were to measure it on scales, then I would say in a ratio of 51:49, that there may be a certain problem. However, there is no question that this would be an absolute judgment, and I simply do not think it is.

[Beniak] Sometimes you definitely encounter manifestations of antagonism—let us say, you are asked questions to which you reply that their resolution is not within your jurisdiction. Typical questions: Will you increase the price of something else? I mean the kind of antagonism in PRACE, for example, when it published an interview composed of questions readers had sent to the editorial office—it was very noticeable there. What affect does this have on you?

[Klaus] You are choosing only negative questions, and now you are forcing me to go on the defensive. I will not accept them, Mr. Editor. I do not accept this. The world is not like this, not at all like this. It is quite different. Another motif prevails absolutely. I will not accept these questions. I do not accept them; do not be angry with me. I do not accept them. Why do you not speak about other issues? Why do you choose one random interview? Why do you interpret this interview in this way? The world is simply not like this. It is not a view of the world that I accept exists like this.

[Beniak] I am unable, in the course of 20 minutes, to ask questions from which it is possible to put together...

[Klaus] You are the one who is asking that we do something like this... I am not desirous of it.

[Beniak] I have spent several days reading your interviews and books...

[Klaus] Something else is paramount, right?

[Beniak] I am trying to ask questions that you are not normally asked or that you evidently do not like to answer...

[Klaus] They are asked constantly, these questions. If the day before yesterday I had a one-hour interview on Radio Frekvence 1, the questions were about nothing other than this. I simply do not understand where these questions can lead, how it is possible to answer them. I cannot imagine this at all.

[Beniak] I am saying—and you know this from sports—that a person reveals himself most when he is under pressure, when he has to respond to something that is unpleasant for him.

[Klaus] Then, the only possibility is if he accepts this pressure, if this pressure is fair, if this pressure is correct or incorrect.

[Beniak] Do you think my questions are unfair?

[Klaus] No; the issue does not involve fairness. I am surprised by their selection, by their range. I do not understand where it can lead and where it is leading. You had better ask; this is probably a waste of time for your viewers.

[Beniak] What kind of leader of the opposition would you be?

[Klaus] What kind of question is that? What do you want to say? If we are ever in opposition, then, undoubtedly, we will act somehow.

[Beniak] What kind of opposition would it be—good, bad?

[Klaus] What could the answer possibly be to that question, an answer that would satisfy you a little, at least a little? I could now start asking you questions and you would be under pressure. It does not seem to me that these questions add anything; they lead to an opening being created for something, they lead to a possible answer, they lead to a situation in which a person could somehow reveal something that is not known about him. I do not believe this, I simply....

Baudys: Modernization of Army Under Preparation

AU0706102494 Prague HOSPODARSKE NOVINY in Czech 1 Jun 94 p 3

[Article by "joe": "People Interested in the Modernization of the Army of the Czech Republic Have to Wait"]

[Text] Prague—The Army is unable to secure a complex modernization of its arsenal by its own manufacturing and repair capacities. In view of the scope of the work on the modernization projects, it will be impossible to announce the future demands of the Army of the Czech Republic before the end of July, Defense Minister Antonin Baudys said at a news conference yesterday. Priorities are already known, however. They are computer systems, communications, the unification of command, the modernization of T-72 and T-55 tanks, the modernization of the MiG-21 plane, the development of a light multipurpose plane, the L-159. Technical details have not been specified as yet.

The minister strongly emphasizes the modernization of the Army's technical equipment because the costs linked to modernization amount to 25-30 percent of the costs for developing or buying new technology. According to Baudys, all top firms in the world that are engaged in transforming older military technology into modernized versions or are manufacturers of this equipment have shown an interest in cooperation. When asked about the possibility of cooperation with Israel, Baudys described Israel as a country that has exceptional combat experience and whose philosophy of building the army and weapon systems is very close to ours, but he adopted a cautious stance on relations with Russia. "As regards cooperation with Russia, we were offered the possibility of our claims being compensated by arms deliveries. But, the Army and its arsenal cannot become dependent on a country whose development can be very complicated. Weapons systems, which are acquired for decades, have to be bought in countries that provide a guarantee of economic and political stability," the minister said.

Baudys Admits to Screening Infringements in Army

AU0606192094 Prague MLADA FRONTA DNES in Czech 1 Jun 94 p 2

[Article by "(km)": "Baudys Has Admitted That the Army Infringed the Screenings Law"]

[Text] Prague—Defense Minister Antonin Baudys yesterday admitted that the Screenings Law was infringed in the Army in a few cases. According to him, fewer than five people are involved. Baudys made this admission just a week after it was made public that there are positively screened generals or colonels in some senior posts in the Army.

The minister refused to say, however, in what way and by whom exactly the law was infringed. It was only apparent from his statement that the law was infringed in the case of soldiers serving in posts held by colonels. "Certain inconsistencies were found, which, however, have already been cleared up. These were really individual cases and did not involve any army general. Nevertheless, this was a certain infringement of the law," he said, without specifying what has been done to remedy the situation.

Only a week ago, however, the minister denied that positively screened officers were serving in the Army. The director of the Defense Ministry's Personnel Department, Jaroslav Cuhra, also said that the Screenings Law was not infringed in the Army. Baudys had unequivocally discounted the possibility that anyone with a positive screenings certificate could currently be serving in a colonel's or general's post.

In connection with Generals Karel Pezl and Rostislav Kotil, who, according to some of the media, had been

assigned false screenings certificates, the minister yesterday maintained that the two men comply with the conditions for executing their duties and that they have been accused wrongly.

Russia's Vavilov Sees Solution to Czech Claims

AU0706102594 Prague HOSPODARSKE NOVINY in Czech 1 Jun 92 p 21

[Article by Marta Stolarova: "It Is Possible To Capitalize Russian Debts"]

[Text] "We have worked out all of the possible alternatives, with the proviso that, if a solution in the form of deliveries of goods, capitalization, or barter operations fails, we would, in any case, pay our debt in freely convertible currency. The Czech side is thus being offered a wide range of promising opportunities, and we have naturally pledged our support to the accepted projects in every way." That is what the deputy finance minister of the Russian Federation, who had dealings in Prague regarding the repayment of the Russian debt to the Czech Republic, said yesterday in an exclusive interview for HOSPODARSKE NOVINY and Russian Television. "The Russian side has kept all of its promises. I have been empowered to sign the treaty in Prague. However, the treaty still has to undergo a certain approval procedure," he added.

When asked what portion of the liabilities could be capitalized, A. Vavilov replied that a large part of the debt qualifies for this solution, such as balance in transferable rubles and a part of other types of debt. "We assume that mainly the part of the debt that arose during trade exchange could be resolved in this form, but there is nothing on our side to prevent us from compensating the debt we have in free [volny] currencies in this way, too."

We were interested in whether there was already a list of appropriate enterprises. On this subject, Vavilov said that the State Property Committee of the Russian Federation (Goskomimushchestvo) was engaged in great activity in cooperation with Czech partners. "Works continue, but we would like to see them progress faster," he said.

In connection with the planned capitalization of claims, he pointed to Russia's efforts to create more favorable conditions for foreign investments. He mentioned the set of President Yeltsin's decrees on profit taxing in enterprises with foreign property participation. If the foreign capital share exceeds 30 percent and the overall investment exceeds 200 million rubles, the enterprise does not have to pay taxes for two years and pays only 25 percent of taxes in the third year and one-half in the fourth; only in the fifth year does it pay a full federal rate. According to the deputy minister, it is possible to expect that regional authorities, too, will adopt similar conditions to attract foreign capital.

When asked by Russian television for which side the initialed treaty was more advantageous, Vavilov replied that "if it is initialed, it is anticipated that it is mutually beneficial; however, in case of debts, the situation is complicated." He admitted that, in any case, both the creditor and the debtor will get a clearer idea from the schedule of installments. "All of the agreements on restructuring its debt signed by the Russian Federation in the two most recent years are being precisely met. Debts of the former USSR are an exception and are the subject of regular discussion with the Paris Club, the London Club, and other creditors."

Russia is also an important creditor of a number of developing countries. The overall sum of its claims is difficult to determine precisely (estimate runs over $100 billion) and realizing these assets is very difficult," Deputy Minister Vavilov said. "Specifically, in the agreement (with the Czech Republic), we are counting on the possibility of barter operations—that is, with swapping Russian assets in certain countries for the debt in the Czech Republic, which is currently negotiating its claims with, for instance, Asian debtor countries. Here, too, it is likely that we will find mutually acceptable alternative solutions," the Russian representative said.

Government Views Budget Trends 'Favorably'

AU0606203294 Prague CESKY DENIK in Czech 2 Jun 94 pp 1,2

[Article by Milan Storek: "The Government Assesses the Economic Trends Favorably"]

[Excerpt] The Czech Republic Government discussed a report on the fulfillment of the state budget during the first quarter of this year at its session yesterday. According to Prime Minister Klaus, it "used this debate to assess recent economic trends."

From the point of view of the state budget, altogether positive figures are involved, which, according to Klaus, "is very different from the state budgets of neighboring countries." The state budget's balance is, said the prime minister, in the black up to 31 May and amounts to 4.2 billion korunas. Klaus "makes no secret of the fact that the worsening clearing balance with Slovakia has contributed significantly to this." If this clearing is unfavorable, the state budget must grant it credit, and thus the development of the clearing balance "plays considerably into the hands of the Czech state budget and begins to make the life of the Slovak state budget complicated." Despite the fact that the report is not, according to Klaus, "exaggeratedly optimistic," "distinct shoots that provide a reason for calm and hopeful forecasts for the future" are outlined here, the prime minister summed up. [passage omitted]

Arms Consortium's Attempt To Improve Image

AU0406194194 Prague RESPEKT in Czech No 22, 30 May-5 Jun 94 p 5

[Article by Jaroslav Spurny: "The Director General of the Arms Consortium Has Fallen From Grace"]

[Text] The RDP Group, the Czech consortium of arms companies, has been waiting six weeks to find out whether it will obtain permission from the government to trade in arms. It seems that it is waiting in vain. In accordance with the new law on foreign trade in military hardware, four ministries—Industry, Interior, Defense, and Foreign—have been making their views known on such requests since April. Meanwhile, it is apparent from unofficial reports that at least three of the aforementioned departments—Defense, Foreign, and Interior—do not approve of granting a license to the RDP Group. The Cernin Palace obviously cannot overlook the scandal last December when the chairman of the RDP Group board, Lubomir Soudek, offered Iranian fundamentalists not only conventional weapons but also components for their nuclear program. And, [Defense Minister] Baudys's department again has unsettled accounts with the consortium's director general, Jan Vlcek.

A definitive decision should be made next week. A great deal of money is at stake for the RDP Group's top brass, and, therefore, anxiety is increasing with the approaching date. The most recent development indicates that the company is still trying at the last moment to improve its image before state officials: On Friday, 27 May, Director Vlcek was recalled.

Half a Billion Dollars Into the Bargain

At the end of January 1994, Jan Vlcek turned to Industry Minister Dlouhy with a request for support in a lucrative order for Iran: The RDP Group wanted to export a repair assembly line for tanks for $0.5 billion. Vladimir Dlouhy asked [Interior Minister] Jan Ruml, [Foreign Minister] Josef Zieleniec, and Antonin Baudys for their opinions on the contract. Of course, Vlcek's letter came at a time when the worldwide reaction to Lubomir Soudek's Teheran "atomic mission" had still not died down, so the ministers were very constrained and all of them objected to the deal. The Army was most acerbic: It was astounded that the RDP Group director had proposed a state military enterprise as the final supplier for the order without even consulting the Defense Ministry first. Thus, Vlcek, and his company along with him, acquired yet another inauspicious reputation on top of the incommodious contract: "In view of the consortium's reckless business activities, I consider its participation in Czech Army projects to be completely out of the question," wrote Antonin Baudys to his colleague Dlouhy. An arms company that cannot sell its products and services to the army of its own country has, of course, according to the experts, absolutely no chance in the market.

At roughly the same time that the RDP Group received a negative response from the Industry Ministry to its Iranian request, the consortium's management founded the RDP Group Marketing subsidiary limited company. "The explanation is simple," claims Jaroslav Skrobanek from the company's management. "Our founding documents were very vague about trading in arms, and this may not be enough in possible negotiations on a license for a specific order. Therefore, a subsidiary company was founded whose main function is commercial activity." According to the economic experts, however, another explanation is also possible: The subsidiary company is intended to detract attention from the RDP Group itself; its reckless activities "spread" among the public, and the consortium was faced with the risk that it would not obtain any license for trade in military material. In view of the fact that the RDP Group board alone controls the Marketing company and not the general assembly, possible business deals will become, on top of this, "more unintelligible" to the shareholders. There are now more than 40 of them; altogether, these are enterprises involved—to a greater or lesser extent—in arms production.

Cherchez la Femme

So, instead of the RDP Group, its subsidiary company applied for general permission to conduct trade, as the new law prescribes for military hardware. Then, within the framework of other "purgative" measures, along came the aforementioned recall of Director General Vlcek. He was replaced by Viktorie Hradska, the former chairwoman of the Liberal Democratic Party and an unsuccessful candidate for the post of ambassador to Hungary. RDP Group representatives have described her "ability to conduct negotiations" as the new director's main qualification for the job.

Whether these modifications to improve the company's battered reputation will suffice will become apparent in the very near future. The head of the department for special materials at the Industry Ministry, Josef Gregr, who is responsible for granting licenses, already has at his disposal all of the points of view from the key departments. At the moment, in view of the continuing administrative proceedings, he is refusing to divulge any information about the future of the RDP Group Marketing limited company.

Pittner Views Regime on Czech-Slovak Border

AU0406164994 Bratislava PRAVDA in Slovak 18 May 94 pp 1, 5

[Interview with Interior Minister Ladislav Pittner by Antonia Vymazalova and Milan Rusko; place and date not given: "Let We Become a Dumping Site"]

[Text] A new regime is being introduced on the Slovak-Czech borders as of today. We spoke with Slovak Republic Interior Minister Ladislav Pittner about the changes and their consequences.

[PRAVDA] Sir, what does this measure mean in practice?

[Pittner] As of 18 May, we started conducting passport controls on all of the 15 road border crossings that have been guarded by the Czech Republic so far. We are going to engage several hundred people to conduct checks at these border crossings. We still have to solve a problem with seven railway border crossings. For this to occur, however, we need to append an appropriate supplement to the treaty between the Czech Republic and the Slovak Republic on passport and customs control of people transiting these border crossings so that the Immigration Police—that is, an armed force—is permitted to enter the territory of the other country when the train transits from the Czech Republic to the Slovak Republic, or in the opposite direction.

[PRAVDA] Will this affect our people?

[Pittner] No, they will still be permitted to travel with the documents provided for in the existing treaty. The objective is to accelerate clearance at the border crossings. By conducting controls on our territory, we will have the opportunity to learn about third country nationals and take legal measures against illegal immigration.

[PRAVDA] What will be required from your people?

[Pittner] We had to begin relocating police officers from other border crossings than those with the Czech Republic. We are retraining them while gradually complementing our personnel by several hundreds of police officers. This also means an increase in funds needed to perform the service. Some 80 million korunas will be involved.

[PRAVDA] Why has the Slovak side adopted this regime now? The previous government had objections against enforcing such a regime.

[Pittner] Their objections were probably based on the fact that they wanted the borders to be perceived liberally after two independent states were established. Until the last moment, they tried to stress this liberal situation at the border crossings. The problem lies somewhere else, however. Slovakia, the Czech Republic, and all of Central and East Europe have become a transit area for people immigrating through our territory from East Europe, the former Soviet Union, as well as India, China, and Pakistan, and desiring to enter Western countries, particularly the Federal Republic of Germany. This is why the German side was interested in signing the readmission treaty between Germany and the Czech Republic. On the basis of this treaty, the Czech Republic is obliged to readmit the refugees who made it to Germany from the Czech Republic. The German police are very strict and efficient in this respect. The Czech police, of course, used to transport those people back to Slovakia because they tried to prove that, on their immigration route, the refugees had entered the Czech Republic from Slovakia and, from there, Germany. Because we did not guard our borders, it was difficult to prove that they did not come to the Czech Republic from Slovakia. Therefore, we became a dumping site, collecting also those returned migrants who possibly had not entered the Czech Republic from Slovakia at all.

On the one hand, the former government, in an effort to show the people that it did not have this strict idea of guarding the borders, stressed a kind of liberal attitude toward the borders. On the other hand, because our borders had not been guarded, we could not prevent so-called illegals—that is, third country nationals who do not have a residence permit in our country—from moving around here.

[PRAVDA] In a German journal, there was an article recently on immigrants in Europe, saying that 26,000 official applications for asylum have been submitted in Slovakia and that 50,000-100,000 people with expired visas or no visas at all are present illegally on the territory of our Republic. How do you view this situation?

[Pittner] The director of the Immigration Police gave me information that, in Slovakia, we have some 18,000 legal foreigners who are legally registered here and whose presence here was legally extended for various reasons. However, even more serious is the fact that there are 10,000-20,000 foreigners who are here illegally; this information was provided not by the Immigration Police but by other services. They are probably here temporarily. It is likely that they are waiting for the right time to move to Western countries. However, we also have information that they are here because of organized crime, for which they perform specific services—for example, car thefts, drug-trafficking, or violent crimes that are seemingly inexplicable. I mean, murders without a familiar motive, threats, extortion, etc.

[PRAVDA] How can the police intervene with people whose residence has not been legalized?

[Pittner] The police are in a very difficult situation. Immigrants from Pakistan, India, Southeast Asia, and

also former Yugoslavia destroy their personal documents before entering this country. We get needed information only by interrogating them, and we proceed depending on the countries with which we have concluded treaties for readmission of these refugees.

[PRAVDA] With which countries do we have treaties?

[Pittner] We have treaties with Ukraine, Romania, Hungary, and the Czech Republic. The problem is that, until recently, we could return only Romanian citizens to Romania, but not third country nationals. Now, we are trying to amend the treaty in that respect.

So far, we have not succeed in concluding a treaty on the readmission of third country nationals with Hungary, not even a treaty that would allow us to deport such people by road or railway transportation, at our own expense, trough Hungarian territory to the country of their destination. Recently, however, I have received unofficial information that the Hungarian side is willing to sign such a treaty on the readmission of people to third countries with us.

[PRAVDA] The asylum law is closely related to immigration problems. In Switzerland, they adopted a law in March according to which they can put illegal migrants in jail for up to three months if they are unable to prove their identity—if they do not have their documents. A stricter asylum law is in force in Germany, France, and other democratic states. Are we, too, considering adopting a law on the same principles?

[Pittner] In view of the enormous number of the laws that we consider exceptionally important, the government does not anticipate that such a law would be included in the plan of legislative tasks for the time being. When conversing with ambassadors from Western countries, we draw their attention to the fact that, if the Western countries do not change their attitude toward Russia, Ukraine, and postcommunist countries, in general, even the strictest laws and measures may fail to prevent possible mass immigration to the West of people dissatisfied with the economic situation. I mean, after the disintegration of the Warsaw Pact and the entire former Soviet bloc, the West stopped spending huge sums on armament and defense programs but is not sufficiently active in supporting these countries with some kind of Marshall Plan. Economic tension can lead, in some countries, to an existential crisis and even to the possibility of civil war. In such a case, no police corps would be able to stop this immigration.

[PRAVDA] You mentioned that there are 10,000-20,000 illegal immigrants in our country. Do we know where they are, what they are doing....?

[Pittner] We do not have the kind of control that was normal under the former regime because many laws have been abolished and there is no registration duty—that is, no registration with the police. Even if such laws did exist, the control mechanisms that existed under the former regime have ceased to exist, and it is difficult to imagine that the record could be kept in this way. The police have no right to enter apartments if there is no well-founded suspicion that crime is being committed there. However, if someone is suspected of committing a crime, it is possible to shadow such people using available means, and, after verification, launch criminal proceedings. However, the police have lost—thank God!—certain tools they used to have under the former regime. I believe, however, that this problem is not to be solved by repressive bodies; rather, there should be a worldwide solution to this problem. I do not believe we should use repression but that we should eliminate the reasons for such immigration.

Failure of Bilingual Place-Name Bill Explained

LD0606095494 Budapest Kossuth Radio Network in Hungarian 0800 GMT 6 Jun 94

[Text] According to Slovak Interior Minister Ladislav Pittner, the law on place-name signs will have to be resubmitted to the Bratislava parliament. Ladislav Pittner warns that, as a result of the bill's defeat on 3 June, irrendentism could become stronger.

The Bratislava paper UJ SZO has written that the reason the bill on bilingual place-names failed was that, among the members of the Miklos Duray-led Coexistence Movement, one had voted against the bill and two abstained. Because of this, Coexistence made sure that Slovakia would not get closer to Europe and that the Hungarians and the Slovaks would further distance themselves from each other, the Bratislava paper writes.

Election Law Debated, Social Fund Law Passed

AU0606092494 Bratislava SME in Slovak 1 Jun 94 pp 1-2

[Article by "bog, mh": "Voting on Amendment to the Electoral Law Will Probably Take Place on Thursday"]

[Excerpts] Bratislava—Virtually the whole day of yesterday's continuation of the 32d meeting of the National Council of the Slovak Republic [NRSR] was taken up by the debate on the draft amendment to the electoral law, which was put forward by a group of deputies. Because of the large number of proposed changes and to give the deputies time to study them thoroughly, the vote on the amendment was postponed until 2 June, according to NRSR Chairman Ivan Gasparovic. [passage omitted]

The proposal to amend the electoral law was put forward by Deputy P. Hrusovsky (Christian Democratic Movement). He proposed that the provision be deleted from the law under which the ballot papers are delivered to the voters' homes. According to the amendment, the ballot papers should be handed out at the polling station. The amendment also amends provisions on the active right to vote of citizens of the Slovak Republic living outside the territory of the Slovak Republic. Until now, only Slovak Republic citizens permanently residing in the

Slovak Republic had the right to vote. Under the coalition's proposal, they are to retain the right to vote even if they are not permanently residing in the Slovak Republic. To exercise this right, however, they must come to the Slovak Republic to cast their vote. The amendment proposes, furthermore, an increase in the number of candidates on the political parties' slates of candidates for the NRSR from 40 to 50. The coalition's proposals were opposed by deputies from the Movement for a Democratic Slovakia [HZDS] and the Slovak National Party [SNS]. [passage omitted] Jan Carnogursky proposed that campaign broadcasts be permitted on private radio or television and not just on Slovak Television and Slovak Radio. Countering calls that the ballot papers be delivered to voters' homes, Interior Minister Ladislav Pittner said that "that which prevents manipulation in filling out the ballot papers is what is democratic." According to Pittner, the issuing of ballot papers on election day is customary in the neighboring countries. Besides, the citizen can familiarize himself with the candidates not only from the election campaign but also at his place of residence, where the lists of voters and electoral lists with the names of candidates and political parties will be posted 30 days before the elections. [passage omitted]

The deputies then passed an amendment to the law on the regulation of conduct of business with tobacco, salt, and spirits and on the abolition of state financial monopolies. The existing legislation awarded the exclusive—that is, monopoly—right to conducting business in these areas to state-owned enterprises, which was an obstacle to the development of economic competition. [passage omitted]

The NRSR bill on the social fund was put forward by P. Jakubik (Party of the Democratic Left) on behalf of a group of deputies. The bill was largely identical with the principles for the generation of the social fund that the government approved on 24 May. The only remaining disputed issue was the possibility of generating the social fund in loss-making companies (this idea was favored by the trade unions, while employers and the government were opposed). Ultimately, the deputies approved a version under which both commercial and nonprofit organizations will be obliged to set up the fund from 0.6 percent of the volume of wages or salaries paid out in the current year. This obligatory allocation will be included in the organization's expenditures (costs). Employers who made a profit [the year before] will also create the social fund from the company's costs. In the case of profit-making organizations, the social fund can amount to up to 1 percent [of the total wage bill]. The adopted law will come into force on 1 September 1994 for the production sphere and on 1 January 1995 for budget-funded and subsidized organizations. All contributions paid out to employees, in cash or in kind, will be subject to a special 10-percent tax. The aim of the social fund is to grant employees certain material benefits, such as contributions to meals, transportation, or a supplementary pension insurance, and also the provision of nonreturnable social assistance. Of the 104 deputies present, 67 voted in favor of the bill's passage, 17 were against, and 18 abstained. [passage omitted]

Bugar Seen Replacing Duray as Ethnic Leader

AU0606195494

[Editorial Report] Bratislava SMENA in Slovak on 1 June and Bratislava SLOVENSKA REPUBLIKA in Slovak on 2 June both publish commentaries on waning support for Miklos Duray, chairman of the Coexistence Movement, among the Hungarian minority in Slovakia.

Bratislava SMENA in Slovak on 1 June on page 4 carries a 500-word Milan Stanislav commentary entitled "A New Leader?" The commentator observes that, besides bringing a victory for the left, the Hungarian elections showed that Hungarian voters had rejected the "gaining of political capital out of nationalism." In Stanislav's opinion, this "signal" from Hungary is also likely to influence ethnic Hungarian voters in southern Slovakia. He continues: "Miklos Duray, in particular, has found himself in a difficult situation. In public opinion polls on trust in politicians, Duray has suffered the greatest loss of support, and Vojtech Bugar, who, by his moderate and realistic policy, has become the natural leader of the Hungarian ethnic minority, ranks above him by a wide margin. Miklos Duray also had to swallow a bitter pill at a meeting of the Coexistence Council when he had to agree to the idea of a three-member coalition that was advocated by Vojtech Bugar. Why did Mr. Duray oppose this idea? Most likely, he saw in the alliance of the moderate Hungarian Christian Democratic Movement [MKDH] with the liberal and level-headed Hungarian Civic Party [MOS] a strong competition for his own policy, which is marked by extremism. By trying to include the de facto nonexistent Hungarian People's Party in the contemplated 'union of four [ethnic Hungarian] parties,' he tried to eliminate the influence of the MOS within this grouping. Because the idea of a union, based on the circumvention of the electoral law, did not meet with support, Coexistence sounded the retreat. Given the current distribution of electoral preferences within the Hungarian community, Coexistence would be risking a duel with a possible MKDH-MOS two-member coalition and would not have to get into parliament. Moreover, it also had to reckon with the Social Democratic bloc's campaign for the votes of Hungarian voters, who are influenced by the Socialists' victory in the neighboring country."

In conclusion, the commentator observes that Duray's "radical" statements "jeopardize dialogue between the minority and the government," which could threaten the passage of legislative norms benefiting the minority and strengthen the position of Slovak nationalist parties.

Bratislava SLOVENSKA REPUBLIKA in Slovak on 2 June on page 3 carries a 600-word Emil Lopasovsky commentary entitled "Is Duray Losing Ground Under

His Feet?" The commentator considers two recent incidents that, in his opinion, document a loss of support for the Coexistence chairman within the Hungarian minority.

First, Lopasovsky gives an account of a rally held in the overwhelmingly Hungarian community of Velka nad Iplom "late last week," which was attended by Miklos Duray. According to Lopasovsky, "Duray suffered a debacle" at Velka nad Iplom when the community's residents "ignored" his presence. According to the commentator, the company awaiting Duray consisted of his brother-in-law, his sister, the mayor of the community, and two journalists, who were subsequently joined by "a few elderly locals who had quickly emptied their mugs of beer in the pub across the street." The subsequent discussion reportedly demonstrated that Duray's "political steps and escalating demands are out of tune with the views of people about whom he pretends to be concerned." Particularly Duray's campaign against the so-called alternative education, whose aim is to improve ethnic Hungarians' command of the Slovak language, reportedly met with criticism.

The second indication of waning support for Duray, according to Lopasovsky, was the meeting of the Coexistence Council at Lucenec on 28 May, which advocated a coalition of ethnic Hungarian parties, in defiance of Duray's preference for the project of a union. Lopasovsky claims that "it was even rumored at Lucenec that Duray's chair in Coexistence is not quite stable."

Green Party Renamed 'Slovak Green Alternative'

AU0606195394 Bratislava SLOVENSKA REPUBLIKA in Slovak 2 Jun 94 p 2

[TA SR report in the "Briefly" column]

[Text] The newly established Slovak Green Party was registered with the Ministry of Interior of the Slovak Republic on 31 May 1994 under an altered name—Slovak Green Alternative (SZA) [Slovenska zelena alternativa]. The SZA is based at Zvolen.

Newspaper Launches Regular HZDS Supplement

AU0606151494

[Editorial Report] The 2 June 1994 issue of Bratislava SLOVENSKA REPUBLIKA in Slovak contains a four-page supplement entitled "HZDS" (Movement for a Democratic Slovakia) and subtitled "regular supplement of the Movement for a Democratic Slovakia." On its front page, the supplement carries the following introductory statement by Dusan Kleiman, head of the HZDS Press and Information Section: "Esteemed readers. As of today, we are beginning to publish in the daily SLOVENSKA REPUBLIKA a regular HZDS supplement. In a situation when the attitude of the majority of the mass media toward the HZDS is more or less hostile, our possibilities of informing the public are limited. Our aim is to at least partly fill the gap this has created in the public. We want to brief you in some detail about developments within the HZDS and put across to you the HZDS positions on current developments in the sphere of politics, the economy, culture, the social sphere, and so forth. We hope to meet your expectations and to retain your favor."

The first issue of the supplement includes articles, interviews, and commentaries expressing HZDS positions on various recent developments (the motion of no-confidence in Privatization Minister Janicina, the Presidential Office's rejection of an HZDS-initiated referendum, the departure of Deputy Marian Kelemen from the HZDS group in parliament, the bill on conflicts of interest, the dismissal of district-office chiefs following their criticism of President Kovac, and the government's talks on the provision of an IMF loan). Contributors include members of the "shadow cabinet," such as former Deputy Prime Minister Sergej Kozlik, former Justice Minister Katarina Tothova, and former Transport and Communications Minister Roman Hofbauer.

Outcome of 28 May Mayoral By-Elections

AU0406180194 Bratislava PRAVDA in Slovak 1 Jun 94 p 2

[TA SR report]

[Text] Bratislava—One city mayor [primator], 21 town mayors [starostovia], and three deputies to two community representative bodies were elected by citizens in 17 districts of the Slovak Republic on 28 May in new elections to self-administrative bodies of towns and communities. This was stated by the Slovak Electoral Commission at its meeting in Bratislava yesterday. Most mayoral seats—seven (31.82 percent)—were won by independent candidates; four seats each (18.18 percent) were won by candidates for the Party of the Democratic Left [SDL] and the Movement for a Democratic Slovakia [HZDS]; three (13.64 percent) were won by Christian Democratic Movement [KDH] candidates; and one each (4.55 percent) was won by candidates for the Hungarian Civic Party, the Hungarian Christian Democratic Movement, the Slovak National Party, and the Christian Social Union. KDH candidates won two seats (66.66 percent) in community representative bodies, and an SNS candidate won one seat (33.33 percent). A total of 47.07 eligible voters participated in the elections.

Article Views Tank Manufacturer's Problems

AU0606192194 Bratislava PRAVDA in Slovak 31 May 94 pp 1, 5

[Article by Emil Bajanek: "Who Prevents Martin Engineering Works From Filling State Coffers? Incredible but True—the State Itself"]

[Text] Martin, the slimmed-down ZTS [Heavy Engineering Works] TEES Martin state enterprise, employs more than 4,800 people today. After 1990, the company extended its civilian production program, in cooperation

with the German Hanomag company, with bulldozers and belt loaders and introduced the production of Lombardini diesel engines under license. Nevertheless, the production of special technology still represents more than 50 percent of the engineering company's output. But let Engineer Jan Segla, the company's director, do the talking:

"In drafting our entrepreneurial plan for this year, we reckoned with two key matters—that we succeed in obtaining a government guarantee for the 'India' contract and that we obtain a credit of 200 million korunas [Sk] to set the production of tractors in motion. So far, the government has not extended to us the guarantee for the contract, which involves the delivery of VT-72B retriever tanks worth $28 million for the Indian Army, and we also have not obtained credit to purchase material for the production of tractors, although the marketing of these tractors has been secured. These are exceptionally serious matters, the solution of which would permit us to make profit this year and to start properly fulfilling our duties toward the banks and internal revenue authorities. We had a singular chance to get out of the red, and about 20 percent of the company's employees would not have to be at home and collecting only a part of their wages, according to the Labor Code, as has been the case over the past few months."

Government's Sad Calling Card

The contract for the delivery of 50 retriever tanks for India was signed in November 1993. Under the contract, the last tanks were to be delivered to India in January 1995. In keeping with the contract, by the end of January of this year, the Indian side deposited with Ceskoslovenska Obchodna Banka [Czechoslovak Foreign Trade Bank, CSOB] an advance payment of $5.6 million. Without a government guarantee, however, the bank cannot release the money for the ZTS TEES Martin state enterprise. After all, it is a state enterprise and not a private one. The Martin engineering company has Sk187 million deposited with the CSOB, which it badly needs to fulfill the contract. It is evident who benefits from this money. The previous government's promises about support for companies' export activities sound more or less grotesque in the face of this. Also, the new government is in no hurry to extend the guarantee. "If the government does not extend the guarantee soon, we are determined to stage protest actions," Frantisek Ladnak, chairman of the Kovo [metal workers] primary trade union organization in the ZTS TEES state enterprise, told us, and we could sense from his words that he meant it.

The people from Martin are honoring the contract, at the price of considerable sacrifice, and intend to fulfill it by the end of this year. Its total value is more than $28 million, and, so far, the company has invested more than Sk500 million from its own resources in its realization. Logically, it is short of this money when it comes to purchasing materials for civilian production. Incidentally, the Indian side is considering a fourfold expansion of the contract.

Invitation to Brno

The specialized IDET exhibition [of defense industries] will be held in Brno this week. ZTS TEES Martin will display there the modernized version of the medium T-72 MI tank. It is equipped with a stronger engine, a reactive [reaktivna] protection of the turret, and installed aggregates [instalovane agregaty] that substantially improve its quality and combat specifications. Experts from NATO countries cooperated in the tank's modernization. Its selling price is $2-2.5 million. The production capacity enables the production of 120 of these tanks a year. Several armies of countries from so-called conflict-free regions have shown interest in purchasing the tank. The modernized tank will undoubtedly attract the interest of experts who will come to the Brno exhibition.

"We reckon with the production of special technology also in the future. However, it will not exceed one-half of the company's output," says director Jan Segla. During the visit to ZTS TEES Martin, we also learned that a new heavy tank is being developed, as well as a rapid-deployment small-armored vehicle, the Aligator, for army and police needs.

The development of civilian-production programs plays an equally important role in the company, however. The Martin company will continue expanding the production of diesel engines, road-building machinery, tractors, and other engineering products. Several foreign partners are contemplating establishing joint ventures with the Turec [region in north Slovakia, of which Martin is the center] engineering works. The company's privatization is becoming topical. Let us hope that the government will have a lucky hand in this case and, in view of the company's strategic importance, will not permit excessive fragmentation of its property. Foreign partners are following this with meticulous care. Only a smaller part of the factory's property should be privatized by means of coupons. The company should be gradually transformed into an employee-stockholding company and reorganized into the standard structure of a holding.

The ZTS TEES Martin state enterprise is going through a difficult period of its existence. It is owed some Sk3 billion by its customers; the Czech Motokov company alone owes it Sk900 million. Following the federation's partition, some of the claims belong to the category of irrecoverable ones. One can identify with Engineer Jan Segla's view that, if the Slovak Government extended the aforementioned guarantee to the company, implemented the promised write-off of credit interest rates (Sk265 million), granted it a subsidy for conversion programs (Sk79 million), which had also been promised already, and allowed the company to sell off unnecessary property (Sk175 million) by granting it an exception from the law, and if the company succeeded in obtaining from the bank a one-year loan of Sk250 million, ZTS TEES Martin could, as of next year, again contribute vitally needed resources to the state budget. The company does not need words about the protection of the domestic

market and proexport policy. It needs the realization of systemic measures, the state's wise subsidy policy aimed at developmental programs, the alleviation of restrictive measures in the sphere of provision of financial resources, and an acceleration of the privatization process. In other words, it needs action from a government that cannot be indifferent to the prosperity of an enterprise that still belongs to the state. And someone should also seriously ponder the warning from the company's trade unionists.

Small, Emerging States Seen as Market for Arms

AU0606203794 Bratislava SMENA in Slovak 2 Jun 94 p 2

[Interview with Defense Minister Pavol Kanis by Ivan Brozik; place and date not given]

[Excerpt] [passage omitted] [Brozik] You are currently holding talks with an Indian delegation visiting Slovakia. What are the plans of your government department in that country?

[Kanis] The Indian defense minister arrived on the basis of a cooperation plan, within the framework of previously concluded agreements. It is an official visit. Apart from holding talks on cooperation between the ministries of defense, the Indian guest will visit Slovak companies—[Tatra Sipox at] Banovce nad Bebravou, Konstrukta Trencin, ZTS [Heavy Engineering Works] Dubnica, ZTS Martin. Together, we will also pay a visit to the IDET exhibition in Brno. The Slovak exhibition will be our destination there.

[Brozik] Your reply suggests that these international talks and activities might be aimed at the recovery of our arms industry, to a certain degree.

[Kanis] I believe that the Slovak arms industry finds itself in its present problematic situation also because of the absence of an effective and sufficiently strong steering center in Slovakia. That is also why our manufacturers were unable to find their bearing when arms production was halted and the conditions for exporting arms deteriorated. The very change of the political line in the wake of the revolutionary changes did not have to bring about such a drastic weakening of arms production and such an enormous decline in arms exports. One only had to find one's bearing far more quickly and look for new customers. The number of potential new customers is fairly large. They are interested in weapons from Slovakia because of their quality and also because Slovakia, while being a small country, avails itself of a huge production potential. Many small countries are emerging in the world that are interested in building up an effective defense potential. In the long run, we have good chances in those countries.

Goncz Proposes Horn for Prime Minister

LD0606124494 Budapest Kossuth Radio Network in Hungarian 1000 GMT 6 Jun 94

[Excerpts] [Announcer] At this time President of the Republic Arpad Goncz is giving a news conference in the parliament house in Budapest to announce the date of the inaugural session of the new National Assembly. Over now to the parliament building:

[Correspondent Forro] Good morning. This is Evelin Forro, reporting from parliament. The president of the Republic has now taken his seat and you can now hear his announcement:

[Goncz] My dear friends: This meeting will not be very exciting. I will announce a few things which will obviously not surprise you.

Today I held discussions with Gyula Horn [chairman of the Hungarian Socialist Party, MSZP] and then with the chairmen of the parliamentary parties. The topic of the discussions was the preparation of the inaugural session of the National Assembly. The expected date of the inaugural session is 28 June 1994. Its task, the task of the inaugural session, will be to examine the mandates, to elect officials, to determine the order of sessions, and to elect members of the standing committees.

At the inaugural session I intend to announce my proposal for prime minister, Gyula Horn. So what you are hearing now is not an official announcement, and the reason for this is very simple: Until the inaugural session the country still has a government. After the inaugural session the present government will transform itself into a caretaker government. That is the natural time when I must announce my recommendation for the post of prime minister.

I have asked Gyula Horn whether he will accept my nomination and he has replied in the affirmative.

The issues that must be decided at the inaugural session require preparation, political and professional coordinating discussions between the parliamentary parties. These coordinating discussions will begin on 9 June.

Obviously, the order of importance will be determined—incidentally, I will not interfere in this—by the fact that the decision about the functions is to a certain extent also contingent on the coalition discussions. Discussion of the practical issues, of procedural issues, at the level of experts can, (?in my view), begin even earlier. There is a huge number of tiny practical tasks that will have to be performed by 28 June.

It was about these things that we conferred with the party chairmen, and at the same time I asked them to inform me about the results of their talks at their....[pauses] at our discussion 20 June 1994.

I would also like to inform you that this week I will conduct one-on-one discussions with the chairmen of the parliamentary parties, taking them nicely one by one so that I might hear their opinions about the country's economic and political situation. Perhaps it will interest you to know that we will begin with the smaller parties and proceed upwards, so that....[sentence incomplete as heard]

[Forro] [passage omitted] After meeting with Gyula Horn, the president received the leaders of the parliamentary parties together. In addition to Gyula Horn there were Ivan Peto, chairman of the Alliance of Free Democrats; Laszlo Surjan, chairman of the Christian Democratic People's Party; and Jozsef Torgyan, chairman of the Independent Smallholders' Party. Peter Boross, the outgoing prime minister, represented the Hungarian Democratic Forum instead of [party Chairman] Lajos Fur. Viktor Orban, chairman of the Federation of Young Democrats [Fidesz], is in the hospital having a knee operation. Laszlo Kover, head of Fidesz's parliamentary group, represented him. [passage omitted]

Arpad Goncz said he wants a stable and balanced government which is capable of functioning and which is based on a broad consensus. I asked the president on behalf of Hungarian Radio how he will be able to cooperate with MSZP Chairman Gyula Horn, the probable prime minister. Arpad Goncz said: I hope we can cooperate well since we have known each other for a long time.

SZDSZ Notifies Fidesz of Coalition Talks

LD0606123894 Budapest Kossuth Radio Network in Hungarian 1000 GMT 6 Jun 94

[Text] In the spirit of the agreement between the liberal parties, the leaders of the Alliance of Free Democrats [SZDSZ] have informed the leaders of the Federation of Young Democrats [Fidesz] that in the coming days they will begin coalition discussions with the Socialists. All the signs indicate that this is the last act of the liberal parties' cooperation concluded before the elections. Laszlo Kover [head of the Fidesz parliamentary group] is at the microphone with Dora Adorjan:

[Begin Kover recording] [Fidesz Presidium member] Janos Ader and I received Gabor Kuncze [head of the SZDSZ parliamentary group] and [SZDSZ Chairman] Ivan Peto, who, in the terms of the agreement with the SZDSZ, informed us that they have received a request from the MSZP [Hungarian Socialist Party] to take part in the coalition discussions and that, as is known, they were given the mandate for this by the delegates' assembly.

Apart from this, they inquired what would be Fidesz's possible reaction to a coalition invitation. To this we were able to reply by saying what we have already said, namely that we cannot reply to a nonexistent invitation. If an official request arrives from the MSZP, then the national board will satisfy the duties that devolve upon it from the statutes. It will discuss a possible invitation and decide on it.

If the SZDSZ raises this issue at the talks with the MSZP—incidentally, although it has the right to do this, it can only do so on its own behalf—we have asked them that in any event they should do it in such a way that it should be clear that it is their opinion and that they are not conveying some kind of message. [end recording]

Socialists, Free Democrats Seek Pact by 24 Jun

LD0706114494 Budapest Kossuth Radio Network in Hungarian 1100 GMT 7 Jun 94

[Text] At the coalition negotiations which started today, the leaders of the Hungarian Socialist Party [MSZP] and the Alliance of Free Democrats decided to set up 10 expert committees, Gyula Horn has told journalists. The MSZP chairman also said that the two parties want to draw up a coalition agreement to serve as the basis for a joint government by 24 June. As a matter of fact, today's round of coordination talks was of a technical nature. The participants drew up a timetable for the next talks. On behalf of the MSZP, Imre Szekeres and Ferenc Baja are expected to head the committee dealing with the government's structure, and Gyorgy Janosi is expected to head the working group on the state of the media, our correspondent reports from the scene of the talks.

MSZP's Bekesi on Economic Basis for Coalition

AU0606122094 Budapest MAGYAR HIRLAP in Hungarian 3 Jun 94 p 10

[Interview with Laszlo Bekesi, economic expert of the Hungarian Socialist Party, by Pal Emod; place and date not given: "The Country's Foreign Solvency Might Become Endangered in 1995"]

[Excerpts] [passage omitted] [Emod] Would the Hungarian Socialist Party [MSZP] be able to implement its programs on its own?

[Bekesi] Even if we assume that the MSZP will adhere to its program—which in itself is brave, but I hope that this is what people voted for—it is very dangerous to launch it on its own. It is true that we have a mathematical parliamentary majority, but the MSZP will have to keep this 54 percent, otherwise the one-party government will fail. Out of the 209 deputies, 149 won in individual districts and it is their moral obligation to firmly assert the interests of their own district already at the beginning of the cycle. Therefore, they will make serious demands on distribution: area development and infrastructural demands, the need to support unviable enterprises, and so on. However, we do not have the resources for this at the moment, and will not have them in 1995, either.

[Emod] Can the trade unions also make similar demands?

[Bekesi] Obviously. In addition to this, a social pact will have to be drawn up. If the MSZP governs on its own then it will have to yield to the powerful trade union demands, whether it likes it or not, which will obviously lead to overdistribution. Therefore, it is possible that the MSZP will deviate from the program's line to preserve the majority—in the wake of unavoidable, well-meant compromises. This can result in the country's ability to meet its foreign payment obligations becoming endangered by the end of 1995.

[Emod] Is it because this danger can only be avoided with a coalition that you will not accept a ministerial post in a one-party government?

[Bekesi] It is. In my view, the coalition is not simply a parliamentary requirement because there is no such thing. It is not a political exigency, either, because this does not exist either. The coalition is a strategic necessity for the MSZP, the Alliance of Free Democrats [SZDSZ], and the country, too. This is the reason I am saying that I do not see a guarantee for the program that I drew up to be implemented without a coalition. [passage omitted]

[Emod] The most serious dilemma has not been solved because the structure of state spending has hardly changed. Do you agree with this?

[Bekesi] Yes, nothing much has happened. The basis is the same; the budget is financing the same institutional system and tasks as in 1990. [passage omitted]

[Emod] If this is so then the question seems superfluous: Can the reform of state finances be delayed any longer?

[Bekesi] Not a minute, if we assess the consequences; later we can also look at the causes. The planned consolidated deficit of the state finances will be 330 billion forints. [passage omitted] As the population's savings will not be more than 220-240 billion forints even in an optimal case, a 100-billion-forint gap can already be seen. As for foreign financing, let us look at the current payment balance. Data of the first four months show a $1 billion deficit, so a $3-billion to $4-billion deficit can develop by the end of the year. [passage omitted]

[Emod] I believe you wish to continue with the debt servicing, which is extremely high....

[Bekesi] More than $4 billion. In other words, $4 billion plus $3 billion in fresh money has to be brought into the country this year whether we like it or not. If we presume that we can sell some concession rights, that the privatization of medium-size enterprises is started, and that foreigners even buy from the share packages of some banks, then we can bring in $2 billion at best. Therefore we still have $5 billion which is nearly impossible to be brought in from abroad.

[Emod] Do you still maintain this if we manage to make a new medium-term agreement with the IMF?

[Bekesi] This is what I wanted to continue with. The new government will obviously announce a serious stabilization and modernization program. This is only realistic in the case of a coalition government because this is what the two parties represent, therefore, it can be the basis of the joint government program. On this basis, we can

complete an agreement on financing a medium-term modernization with the IMF. Naturally, this can only be successful if we can make the IMF accept our 1995 and our longer-term economic program.

[Emod] In an optimal case, how much can we borrow from abroad in 1994?

[Bekesi] If the above conditions are met then we have a realistic chance to borrow $2 billion to $3 billion in the rest of the year. [passage omitted]

Privatization of Pharmacies, Hotel Chain Viewed

94CH0261B Budapest NEPSZABADSAG in Hungarian 28 Apr 94 p 5

[Text] In Budapest and in Heves, Fejer, Gyor-Moson-Sopron and Jasz-Nagykun-Szolnok counties, bids will be invited for the privatization of approximately 50 pharmacies by 6 May, as announced at the press briefing following the meeting of the State Property Agency [AVU] Board of Directors.

Bids will be invited soon for the privatization of the HungarHotels Corporation. HungarHotels is the only hotel chain the privatization of which has not yet begun, although several units were separated from the firm earlier. The make-up of the corporation will be further modified on the basis of the latest decision in February. Bids will be invited for 15 Hungarian and two German hotels, as well as for four Budapest hotels in the near future. The corporation currently has a capital of 9 billion forints [Ft], from which a business share worth Ft1.5 billion will be separated. The AVU is hoping for a professional investor who is also expected to underwrite a credit guarantee of Ft1.1 billion. HungarHotels used to underwrite this guarantee as the former owner of the Club Tihany Corporation.

The AVU wants to invite bids for Club Tihany after the future of HungarHotels has been decided. The resort at lake Balaton was built from a Ft1.2-billion Austrian loan, and though it is profitable, the repayment of the loan is too great a task for the firm.

A decision was made about the dividend policy of the firms belonging to the AVU. Although the budget expects a dividend payment of Ft4 billion, the AVU would only take as much from the firms as would not hamper the functioning of the corporations, and is even willing to pay the budget less than the projected amount.

The first one of the firms owned by the Employee Stock Ownership Program, Aranypok [Golden Spider] Corporation, will appear on the stock exchange. The AVU still has a 10-percent share in the corporation which they are offering one-to-one for compensation vouchers. The underwriting can take place between 9 and 13 May.

Walesa Remarks at Normandy Ceremony Noted

LD0606194894 Warsaw TVP Television First Program Network in Polish 1730 GMT 6 Jun 94

[Relayed by Warsaw TV Polonia network]

[Excerpts] On Omaha Beach in Normandy, veterans, monarchs, and heads of state and government from the 19 countries of the former anti-Hitler coalition, including President Lech Walesa, paid tribute to the soldiers who fell during the allied landing 50 years ago. [passage omitted]

[Reporter] According to President Lech Walesa, the Polish contribution to the allied effort also has contemporary significance.

[Begin Walesa recording] We fought, wherever it was possible, for freedom in Europe. The war ended and you forgot about us. And now we are calling to you again: Gentlemen, this is a very decisive period. It is a period when we are not threatened, but we do not want the threat to reach you. It is you who are threatened. So, look at Poland, a medium-sized country that really knows what is going on in the world. That is why your actions should be different. If this does not happen, we will lose our way at these crossroads [as heard]. [end recording] [passage omitted]

Politicians View Walesa's Electoral Chances

WS0606131094 Warsaw RZECZPOSPOLITA in Polish 6 Jun 94 p 3

[Article by Ewa Kaszuba and Kazimierz Groblewski: "Who Will Back Walesa, What Chances Does He Have? He Would Lose Today, but..."]

[Text] If the elections were held today, Lech Walesa would not win them. On this point, the politicians of the government coalitions and the opposition fully agree. However, the elections will be held in over a year, and a lot may happen, they say.

According to them, whether or not Walesa will have greater chances at that time than he does today depends on how he fulfills his official duties during this last period.

Our interlocutors, both the members of the coalition and of the opposition, predict that the presidential elections will not yield final results in the first round, and another round will be indispensable. In line with the Constitution, the second round will be held if in the first round none of the candidates obtains more than half of all of the votes cast. It would be a competition between two persons with the largest numbers of votes.

Today it is still not known how many candidates will represent the "Solidarity side." Henryk Wujec of the Freedom Union [UW] told us that his party will certainly field its own candidate and will certainly not back Walesa in the first round. Thus, it looks like, apart from Walesa, at least one more Solidarity candidate will run in the first round. If the right wing neither backs Walesa nor agrees on a joint candidate with UW, there will be several candidates.

Politicians predict that in this situation Walesa may have great difficulties passing to the second round. If he does manage to do so, his chances in the second round will increase. In that round, he will probably meet with a candidate of the Polish Peasant Party [PSL] or the Democratic Left Alliance [SLD]. In such a case, he may receive the support of postsolidarity groupings.

Therefore, it looks like Walesa's chances to reach the second round will be largely decided by the first round. Today, only the Non-Party Bloc in Support of Reforms [BBWR] declares that it will support him. It is important how Solidarity behaves; the way it acts will be followed by some of the rightist groupings. The rating of Walesa in the union is rather low today. There are rumors that the union may field its own candidate (the name of Marian Krzaklewski is mentioned, even though he announced several months ago that he would not run). It seems highly unlikely that Walesa will be backed by one of the rightist coalitions: Alliance for Poland [Przymierze dla Polski] (Christian-National Union—ZChN, Center Accord—PC, Conservative Coalition, Peasant Accord—PL, and Movement for the Republic—RdR), or the alliance of the Union for Real Politics—UPR, Christian-Peasant Party—SLCh, Party of Christian Democrats—PChD, National Party—SN, and Conservative Party—PK. It seems relatively most probable that Walesa might be backed by the RdR and the PL from one coalition and by athe SLCh from the other.

However, both within Solidarity and in the rightist parties, there may be attempts at internal "pro-Walesa" coup d'etats before the presidential elections. It is most likely that a pro-Walesa policy will be adopted by the ZChN, and least likely that such a policy will be pursued by the PC.

"It is not for the first time that President Walesa is showing that he is a courageous man who is not afraid of taking risks," believes Tomasz Nalecz of the Labor Union. However, because he has antagonized many milieus (not keeping promises, acting disloyally to aides, shifting of responsibility to others, refusing to take on responsibility), it is difficult to predict who might form an alliance with him. He believes that Walesa might be seriously threatened only by a politician who would guarantee to fulfill the fundamental role that should today be fulfilled by the Polish president—the role of an arbiter.

"Unfortunately, Lech Walesa resembles...

A Child in a Sand Pit

...who merely keeps throwing sand at his mates' eyes, causing conflicts and tensions. We need a peacemaking person, someone who would ease tensions. If a grouping or a nonparty group manages to find a generally

respected person with an impeccable past, a person who would defend his stance, it will place Lech Walesa in a dead position," Nalecz says.

Two politicians of the governing coalition, the SLD's Zbigniew Siemiatkowski and the PSL's Jan Bury, both agree that, if the presidential elections were held in a few days, Walesa would have slim chances of even getting to the second round. According to Bury, these chances will increase in a year's time; according to Siemiatkowski, "a lot may happen."

"The president will at any price want to...

Stand at the Lead of the Disgruntled

Therefore, what should be expected are bows in the direction of Solidarity, which is emerging as the main oppositional force and the advocate of the way of thinking favoring demands. The president will probably make himself heard again when the enterprise tax on above-normative pays (popiwek) and the next budget are discussed; he will try to present himself as the defender of the prosocial policy. Another element of the campaign, which is becoming increasingly clear today, are the slogans of calling certain people to account, combating crime, and corruption. Walesa will want to persuade the people that he is the only one who has clean hands, claims Siemiatkowski. He does not exclude the possibility of dramatic personnel changes in the entourage of the president.

The president's decision did not come as a surprise to Jan Bury. After the parliamentary elections, it became clear that Walesa was the only person...

Able To Attract

...to himself the scattered postsolidarity groupings, despite all of the differences. Because, as he predicts, the first round of the elections will not be final and in the second round Walesa will compete most probably with a candidate of the left, the forces of the Solidarity origin will not have much choice and will back him. The church will not have much choice, either. Because the president is known for his ability to surprise everyone, Bury expects that, during the campaign, he will submit so many new proposals that one of them will certainly be catchy enough. He will be able to criticize any of his countercandidates for not keeping promises.

Such criticism is also expected by Siemiatkowski, who claims that we will have a black presidential campaign. This is why serious candidates are not hurrying to make their intentions known.

"Even the best candidate will not endure a full year and a half of slander. He will wear out." He believes that the real candidates will be known only next spring.

"The Confederation for an Independent Poland [KPN] will almost certainly field its own candidate. Most probably, it will be me," says KPN head Leszek Moczulski. He adds, however, that an official decision has not yet been made. Moczulski allows for the hypothetical possibility that the KPN would not field its own candidate but would back Walesa—in a situation when there would be fears that the second round might turn out to be victorious for the candidate of the left.

"If the elections were held today, Pawlak would have the greatest chance," Moczulski believes. If he met with Walesa in the second round, he would win. However, today Walesa might have trouble...

Reaching the Second Round

However, we have so much time before the elections that discussing them is like talking about the hair color of a child that is to be born in a year and a half.

"I personally think it is rather unlikely, if not impossible, that our coalition and my grouping will support Walesa," says Stanislaw Michalkiewicz of UPR, a party that makes up the alliance along with the SLCh, the PChD, the PK, and the SN. The issue has not been discussed yet. "I evaluate Lech Walesa's presidency as a presidency of unused chances. For us to support him, something would have to happen that I cannot even imagine right now."

Michalkiewicz believes that most of the people who supported Lech Walesa in 1990 are his firm opponents today.

"I Cannot Really See...

...anyone who would vote for him." According to him, if Walesa gained any new supporters during his presidency, there were not many of them, a fact that was proved by the electoral result of the BBWR (in the last parliamentary elections, the BBWR was backed by approximately 700,000 people—editor's note).

"Walesa's chances are slim; however, they exist. All of this depends to a great extent on the further course of his presidency," says UW's Henryk Wujec. "I do not think that the new president will be known in the first round; the second round will be decisive. It depends on who will reach it. He has enhanced his chances by submitting his candidacy already. His potential supporters may be already grouping around him. He would not win the elections today, but, in a year's time...

Things May Look Different

Walesa has a permanent group of supporters, which, I believe, is approximately 20-25 percent of the voters. It is a fairly large group, but it is certainly too small to ensure him a positive result. Today it does not look like any of the serious postsolidarity groupings would be willing to back him. UW will certainly not support him because it will field its own candidate. I still do not know who it will be. I also think that, if both our candidate and Walesa reach the second round, many UW supporters will not back him because they are disappointed with his presidency."

On 4 June, before his departure to Normandy, Lech Walesa was asked to comment on the public opinion research, showing that his popularity in on the wane. The president said that he is convinced that he will win next year's presidential elections. He believes that there is a chance to form a new "team." "There is only one condition—obey Walesa," he stated.

Olechowski on Russian Achievements, Problems

LD0606153694 Warsaw Radio Warszawa Network in Polish 1200 GMT 6 Jun 94

[Text] Poland does not want to turn its back on the east and wants to maintain good relations with all of the countries that have emerged since the demise of the Soviet Union, Foreign Minister Andrzej Olechowski said at the opening of a two-day conference on Poland's eastern policy in Warsaw. Minister Olechowski emphasized that the building of democratic structures in the east is a lot more difficult and that delays in the process are inevitable.

When asked by journalists whether certain developments in the situation in Russia could constitute a danger to Poland, Minister Olechowski replied:

[begin Olechowski recording] From that direction—often say this—neo-imperialism, if it was stepped up; we do not overdramatize this in any way [sentence as heard]. We can also see very positive signals coming from that direction. One should mention, for example, Russia's role in the recent Ukrainian conflict or the role played in the internal Ukrainian difficulties. One could mention the Latvian-Lithuanian Treaty. We are awaiting a similar treaty for Estonia. It will be an important litmus test for us.

Chaos and further economic disintegration are certainly bad for us. If the situation were to deteriorate even further, it would obviously make our lives very difficult. [end recording]

Rumors on Possible Olechowski Resignation

WS0706115294 Warsaw GAZETA WYBORCZA in Polish 7 Jun 94 p 3

[Article by Edward Krzemien: "Olechowski Could Leave"]

[Text] *It would take 10 minutes for the Council of Ministers to adopt a new statute of the Foreign Ministry [MSZ]. But, for six weeks now, the issue continues to be deleted from the agenda. The new statute is the first step in the reforms of the ministry proposed by Minister Andrzej Olechowski.*

If the government does not adopt a new MSZ statute within two weeks, Minister Andrzej Olechowski could resign in protest, the minister's associates say.

The draft of the reform was prepared by Jerzy Kozminski, who has been brought into the MSZ by Olechowski to take the post of secretary of state. Kozminski was regarded as an excellent organizer and was Leszek Balcerowicz's closest aide in 1989-91 and then an adviser to Prime Minister Hanna Suchocka.

To Wait Through Kozminski Stage

After completing work on the reform, he was nominated Poland's ambassador to the United States and was supposed to leave for Washington as soon as the changes in the ministry took place, and, most importantly, only when an appropriate candidate had been found to replace him as the future secretary general, the second post in the MSZ after the minister. It seems that was precisely one of the reasons for procrastinating with the reform. The Office of the Council of Ministers [URM] decided to "wait through the Kozminski stage"—Kozminski cannot procrastinate too much in his departure for Washington—and only then to begin negotiations concerning the filling of the post.

In a desperate defense move, Olechowski decided that Jerzy Kozminski would retain for the moment the post of secretary of state apart from the ambassadorial post (according to diplomatic protocol experts, such things are practiced around the world). Such a solution gives Olechowski plenty of time for coming to an agreement with Prime Minister Pawlak.

Apart from Andrzej Wieczorkiewicz, the prime minister's adviser, Kozminski's place could be taken over by Marek Siwiec, who is being promoted by the Democratic Left Alliance [SLD].

Siwiec Worse Than Konarski

However, according to our information, Pawlak does not like Siwiec's candidacy. Siwiec is politically associated with SLD leader Aleksander Kwasniewski, and he will not be very useful to URM. That is why the prime minister would prefer another SLD member, Sejm Deputy Wlodzimierz Konarski, who, by the way, is supported by part of the SLD leadership and who was mentioned earlier as the SLD's candidate for deputy foreign minister.

Konarski, a longstanding diplomat in Jaruzelski's and Rakowski's times, was a representative of the Polish People's Republic [PRL] in the CSCE during the martial law period. Skubiszewski's entry in 1989 ended his diplomatic career. In the Sejm of this term, he is one of the main forces behind the famous subcommission for personnel review in the MSZ, in which he cooperates with Tadeusz Samborski of the Polish Peasant Party [PSL] (also a former MSZ man). Samborski is regarded by URM as the person who "incites" Pawlak against the MSZ and Olechowski.

Who Will Be Shot Down?

The subcommission accuses Skubiszewski of "deprofessionalization" of the foreign service, meaning getting rid

of PRL experts of the Konarski kind, and demands that the qualifications of all of the "new" ones be verified.

On 25 May, ZYCIE WARSZAWY revealed a letter from Tadeusz Iwinski of the SLD and Tadeusz Samborski of the PSL addressed to the director of the MSZ's personnel department, on behalf of the Sejm subcommission for MSZ personnel issues. The authors of the 13 May letter demand "information on the qualifications, the course of professional career, and the fulfillment of requirements defined in specific provisions concerning diplomatic and consular service" regarding 23 persons, among them two deputy ministers, directors of key departments, and some ambassadors and consuls.

Neither Pawlak, who is chief of his party's parliamentary club, nor (which is strange) SLD leader Aleksander Kwasniewski has distanced himself from the list. Thus, it is beginning to function within the MSZ as a list of people whom the coalition wants to "shoot down."

This situation causes a feeling of insecurity and danger among the MSZ cadre. There are plenty of forecasts that a "crisis is approaching" and that an exodus of the best diplomats will begin. Every one of them will easily find a job in both Poland and in international institutions for salaries that would be several times higher. Salaries in the MSZ continue to be one of the lowest in the central administration, an official said.

In addition, neither the PSL nor the SLD has any personnel reserves whatsoever with whom it could replace the 23 diplomats questioned by the subcommission.

Poll on Trust for Establishments Viewed

WS0606124094 Warsaw RZECZPOSPOLITA in Polish 4-5 Jun 94 p 2

[Article by Ma.S.: "Trust Toward Establishments and Organizations; Radio In the Lead"; table not included]

[Text] As far as establishments and organizations are concerned, public radio is enjoying the greatest trust. In rating support, the government is only slightly ahead of the Sejm, and trust in the president is the most unsteady. Evaluations of three of the 15 establishments examined by the Center for Research on Public Opinion [OBOP] are worse than the evaluation of the president: "Solidarity '80," "Self-Defense," and private banks.

For the first time, the ranking of trust has included public radio as an independent establishment (before that the television and the radio were treated as one). Right at the beginning, it gained a considerable advantage over other "competitors." A comparison of opinion polls conducted between May 1993 and May 1994 shows that support for television is the most stable and at the same time very high.

Between March and May, there was a decrease in trust toward all establishments, with the exception of public television. The drop was not great—about 2 or 3 percent—with two exceptions: Support for the Independent Self-Governing Trade Union "Solidarity" plummeted by 8 percent, and support for the government fell by 7 percent. It is worth recalling that, in April, we witnessed the strongest wave of strikes in recent times. Thus, both sides lost as a result of this conflict.

Nevertheless, the president is the record holder as far as the greatest trust decrease is concerned. Within four months, trust in him went down by 12 percent. The greatest supporters of Lech Walesa are the inhabitants of rural areas and the largest towns and cities, believers and churchgoers, and those who declare that their views are rightist or center rightist. There are no great differences resulting from age.

In the course of one year, most noticeable is the increase in trust toward the Sejm, and, only to a slightly smaller degree, in trust toward the government. The Sejm, where the coalition of the Democratic Left Alliance and the Polish Peasant Party is in a definite majority, is trusted more than twice as much as its predecessor.

* * *

The OBOP poll was carried out between 10 and 27 May on a 1,107-person sample.

Poll on Implementing Government Promises

WS0606150294 Warsaw RZECZPOSPOLITA in Polish 6 Jun 94 p 7

[Article by A.Sl.: "Public Opinion Research Institute for RZECZPOSPOLITA on Inflation, Wages, and Unemployment; Faith in the Government Increases Along With Incomes"]

[Text] Only 20 percent of adult Poles believe in the government's promises that inflation will be decreased to less than 10 percent by 1997 and that the number of unemployed will be limited to 2.7 million people. Slightly more—27 percent—believe that the real wages will be rising at the announced rate of 1.5 to 2 percent a year. These are the results of a poll carried out by the Public Opinion Research Institute [PBS] in Sopot.

People with higher education more frequently than others believe in the plans for decreasing unemployment and increasing real wages (23.5 percent and 34 percent, respectively). However, they are least convinced about the promises of limiting inflation (17 percent). Generally, the research suggests that various social, professional, and age groups have extremely varied views regarding the wage increase and unemployment limitation. Opinions concerning the lowering of inflation are similar. It is also difficult to say that one group trusts the government promises more than other groups do. Least skeptical about the promise of decreasing inflation are people employed on farms (25 percent believe in it), and about the promise of limiting unemployment—the employees of private companies (25 percent believe in

it). The promise concerning higher real wages convinces the budget sphere the most (36 percent). The material situation does not greatly influence opinions concerning inflation. However, there is a certain pattern in the evaluation of plans concerning an increase in wages: The trust increases along with higher incomes. Among persons with less than 700,000 zlotys [Z] per capita, this trust amounts to only 21 percent; among persons earning over Z3 million, to 42 percent. A similar pattern can be observed in the evaluations of the forecasts concerning unemployment: The optimism increases along with incomes.

Most skeptical about an increase in real wages are peasants (18 percent believe in it), and the group that believes in it the most are managers—39 percent. Plans for limiting unemployment seem feasible primarily to private entrepreneurs (31 percent); housewives are most skeptical about it—only 13 percent believe in it. School and university students constitute the group that believes in decreasing inflation the most—23 percent; housewives—14 percent. It is worth noting that each time the greatest number of undecided people is among peasants and farm employees—from 35 to 41 percent.

Is faith in the government's promises of a political nature? This question can be answered after an analysis of the results and the political sympathies of the respondents. The government's promises concerning decreasing inflation is least trusted by the supporters of the Confederation for an Independent Poland, the former Liberal-Democratic Congress, and the Center Accord (10 in each case). Those who trust those promises the most are the voters of the Non-Party Bloc in Support of Reforms (as many as 41 percent). For the sake of comparison, among the supporters of the governing coalition—the Polish Peasant Party and the Democratic Left Alliance—faith in limiting inflation is 22 and 24 percent, respectively. Supporters of the Union for Real Politics and of the Coalition for the Republic are those who most strongly believe in plans for limiting unemployment. Voters of the Labor Union believe in this promise the least.

The research was conducted by PBS in Sopot on 14 and 15 May on a 1,010-person representative sample of adult inhabitants of Poland.

In line with the government's plans, in 1997 inflation is supposed to drop below 10 percent. Do you believe that the government will put its plan into effect?

60 percent—No, I do not.

18 percent—Yes, I do.

22 percent—It is hard to tell.

The government claims that real wages will increase by 1.5 to 2.5 percent a year in the coming years. Do you believe that the government will put its plans into effect?

People with not more than Z700,000 per capita: Yes—21 percent.

People with Z701,000-1 million per capita: Yes—23 percent.

People with Z1 million-1.5 million per capita: Yes—24 percent.

People with Z1.6 million-2 million per capita: Yes—31 percent.

People with Z2 million-3 million per capita: Yes—27 percent.

People with over Z3 million per capita: Yes—42 percent.

Kaczmarek on Anarchy at Katowice Steelworks

WS0706101594 Warsaw NOWA EUROPA in Polish 7 Jun 94 p 3

[Article by "U.K.": "Wieslaw Kaczmarek on the Strike in the Katowice Steelworks: 'Meeting the Demands Endangers the Enterprise'"]

[Text] *Since 1 June, an occupation strike has been in progress in the Katowice Steelworks, which was begun by the "August 80" trade union and was joined by a significant portion of the employees. Meeting the demands of the striking workers would cause a loss of the enterprise's financial liquidity and make it impossible for the enterprise to meet its obligations, including salary obligations. The Katowice Steelworks would then end the year with a 720 billion zloty [Z] deficit and with an increase of salary costs amounting to Z130 billion, Ownership Transformations Minister Wieslaw Kaczmarek told journalists on 6 June.*

The Ownership Transformations Ministry has also conducted estimates of two other possible options. The first one envisages further activity by the steelworks, without changes in the salary situation. Under that option, the company would have a chance to end the year with a surplus of Z160 billion. Under a second scenario, where it is assumed that agreements signed on 31 May by six trade union centers would be implemented, the steelworks would end the year with a deficit of Z86 billion, with salary costs having risen by Z45 billion.

Because of the enterprise's particular significance for the country's economy (steel pig-iron) and a network of cooperative ties, the strike's impact will be felt not just by the steelwork's employees. If there is someone who is deliberately leading the enterprise to disaster, he should be aware of the consequences, Minister Kaczmarek said. He added that, in this situation, it will be the government's duty to have the necessary imports of steel for domestic industries, even though he would not like to threaten anyone with that.

Katowice Steelworks lived through its worst crisis in the 1991-92 period. The year 1993 showed the first symptoms of overcoming the crisis—the steelworks ended the year with a positive result of Z590 billion and a net profit amounting to Z180 billion. At the same time, conciliation proceedings with banks were conducted as a result

of which the steelworks' debt level was reduced by 30 percent. The remainder is to be repaid in 18 installments by the end of 1994. The company also received governmental guarantees for an investment in a continuous steel-production division. These measures created a chance for a better future for the enterprise. The current situation creates the danger of wasting what has already been achieved. I am afraid that the outcome of this will turn out to be dangerous for many companies in Poland that will have nothing to produce with. Already at this stage, trains with steel pig-iron are being prevented from leaving, and that is called anarchy.

I am hoping that the strike organizers will come to their senses. In addition, all measures should be undertaken within the confines of the law, Minister Kaczmarek said.

Oleksy on Trade With China, Human Rights

WS0606144994 Warsaw TRYBUNA in Polish 6 Jun 94 pp 1, 5

[Interview with Sejm Speaker Jozef Oleksy by Krystyna Szelestowska; place and date not given: "Can We Pass Up China?"]

[Excerpt] [passage omitted] [Szelestowska] However, you still have not answered my question: What did the talks of the Sejm delegation concerning human rights in China look like?

[Oleksy] Whenever I was talking about our standards of democracy, the hosts stressed that other countries should not impose their own rules on anyone. They kept saying that they do not agree with our interpretation of human rights, because, for China, a country populated by 1.2 billion people, the most important rights consist in supplying food, clothing, shelter, and other things to the people. Democratization is not one of the priorities. The chairman of the Chinese parliament asked me the following question: Is the world aware of the possible international consequences of a breakdown of the situation in China caused by famine or an outbreak of social dissatisfaction and rebellion?

[Szelestowska] What did you say to the hosts?

[Oleksy] I said that public opinion is concerned about the limitation of freedom in China, that we will be satisfied with any progress in this area, and that we have not changed our opinion on this.

[Szelestowska] Despite the great differences in the approach toward the issue of human rights, we are making every effort to have good relations with China...

[Oleksy] This is decided by the importance of China, which will soon become the greatest market. China is characterized by the fastest development rate in the world—over 17 percent last year. Right now it is going down to the level of 9 percent; it is doing this consciously, for fear of overheating the economy. The Chinese are living with the future, reforms, and openness to the world. They are making very profound analyses of the mistakes of the past centralized socialism, the several year's experience of the postcommunist countries, as well as their mistakes, the consequences of those mistakes, and the difficulties of Western states. They want to transfer what is best for their policy of reforms and openness. On many occasions, they repeat the thought of Deng Xiaoping: "Capitalism has its planning, and socialism can have its market." This individual, third path of development is yielding good results.

[Szelestowska] You said that our turnover should reach $1 billion. We reached this level in the past, in 1986. However, is it possible to reach this level now?

[Oleksy] I believe it is. China perceives Poland as the greatest country in Central Europe that is familiar and increasingly closely linked to the European Union and that, at the same time, knows well the reality of East Europe. The hosts stressed that there are no conflicts between our countries. Bejing has no reservations concerning Poland's integration with Western Europe or its membership in NATO. It wants to cooperate with us; however, this cooperation will to a considerable degree depend on ourselves. If we perceive China exclusively as a country with prisons full of dissidents, inhabited by yellow-complexioned, slant-eyed people eating dogs, if we wait for a revolt to break out, we will pass up our chance. Business favorable to us can be conducted already now. This has been noted by the businessmen who accompanied the Sejm delegation on its visit to China.

[Szelestowska] Thank you for the interview.

Boleslaw Sulik on Attempts To Destroy KRRiT

LD0606091694 Warsaw PAP in Polish 0259 GMT 6 Jun 94

[From the press review of GAZETA WYBORCZA]

[Text] Warsaw, 6 Jun—Boleslaw Sulik, one of the members of the National Radio and Television Broadcasting Council [KRRiT], returns to the controversy around the activity of this body. We experienced the first serious conflict with politics in November, as a result of Wieslaw Walendziak's nomination as chairman of the new public television, Sulik recalls. In his view, it is an excessive simplification to perceive the conflict that then began as a war between Lech Walesa and the National Council. There are a number of other strategists and tacticians at the Belweder Palace and elsewhere who are personally engaged in this rather one-sided war. At its roots there lies the characteristically Polish shock of discovery that a constitutional body, born from a law that is democratic in letter and in spirit and as an independent body, may behave and function independently.

It transpires irrefutably from the reaction of the Belweder Palace that our decision disappointed their expectations, Sulik claims, referring to the granting of the

nationwide broadcasting concession to "PolSat," and stresses that the preferences of the president and his people were never specified by name. It is possible to presume, from incidental evidence, that they would look with favor upon the continued presence in Poland of "Polonia 1" and UFY, that is the German concern of Bertelsmann, now associated with Marian Terlecki's "Antena 1."

Instead of having a serious critique of the council's decision or a discussion of the strengths and weaknesses of the various applications, we have a campaign of insinuations, denunciations, and defamation. It is Sulik's judgment that, over a year of activity, the council has surely committed not a few errors, but, in the state's interest, it has bravely skirmished and continues to skirmish with the greedy and ruthless pursuit of personal interests. Sulik appeals to his countrymen who feel anger, if they have maintained the capability to do so, at glaring cases of cynicism in political life, which is how democracy is functioning.

Union of Freedom's Kuron on UD-KLD Merger

PM0606103094 Szczecin GLOS SZCZECINSKI in Polish 14-15 May 94 p 3

[Interview with Jacek Kuron, Union of Freedom activist and former labor and social policy minister, by correspondent Andrzej Sondej; place and date not given]

[Text] [Sondej] How do you assess the Union of Freedom's position on the political stage? After all, just before the unification of the Democratic Union [UD] and the Liberal Democratic Congress [KLD], some people said that a union with the Liberals would cause the UD to shift to the right.

[Kuron] When discussing the position of various political groups on the left and right sides of the Polish political stage, we must first determine where the front and back of that stage are placed. That is why I do not use the left-right criterion for defining political positions. For me, the basis for such a definition is a given group's attitude to the tenets of the market economy and to public expectations and ambitions. As a result of the transformations that have taken place in the country to date, two camps have emerged, which can be designated, in jest, as the friends of the market and the friends of the people. UD was characterized by considerable sensitivity to social issues, while the KLD attracted a large number of pragmatists who understood very well that no one can introduce free market principles against the wishes of the population. The unification itself could, of course, lead to a reinforcement of promarket sympathies and a weakening of social concerns. In other words, friends of the market will gain domination over friends of the people. This can happen, but it is not inevitable that it will happen.

[Sondej] Are you not afraid that the Union of Freedom has lost a proportion of its electorate, the one hailing from UD, and that, consequently, competition for councillors' seats in the forthcoming local government elections will end in a failure for your new party?

[Kuron] I believe that the unification itself will not have affected our chances too strongly. Electoral coalitions were formed in individual parishes prior to the UD-KLD fusion. What is more, in some parishes the Liberals would not have gone to the polls alongside the UD activists in any case. Certainly the change of the party's name will to some extent do harm to our chances in the election. It is as if, immediately after a major promotion campaign to advertise the "Mazowszanka" mineral water, I were to change its name to "Warszawianka." Nevertheless, at the local level, the majority of contending parties have adopted their own names in the elections, and the Union of Freedom name and logo will not influence them in any decisive way. Even so, we must always calculate which move will be more advantageous. Politicians must be aware of the possibility that, even if their vision gains acceptance, they may still lose the elections. We must recognize this possibility: It is the fundamental duty of every person who chooses to be involved in politics.

[Sondej] But you yourself decided not to put down your name as a candidate for a position in the national leadership of the united party. Some members of the Union of Freedom leadership team maintain that you intend to run for the presidency in the proposed 1995 election.

[Kuron] Not at all! I am not interested in winning the president's seat. I want to continue to be actively involved in politics, and I have a program that will make it possible for Poland to overcome the present crisis. Consequently, I want to be prime minister. It is a natural thing for a politician who is active in the political arena to want to become prime minister: If he does not, it means that he chose the wrong profession. I have a vision of creating a kind of "politicians' roundtable" at which people committed to politics would together work out a compact on the ethical principles of their policies. Social dialogue should constitute the foundation of Polish politics. Only in that way can we accomplish the task of transformations in our country. I believe that this vision could lead me to the prime minister's position—although that is not inevitable. I will not take umbrage and go away sulking if someone else is chosen to realize my program. The president embodies the dignity of the Republic's statehood and is therefore obliged to strive for the stabilization of the political arena. He must not in any circumstances engage in pursuing active politics.

[Sondej] Thank you for talking to us.

Union of Labor's Bugaj on Party Alignments

PM0606142694 Lodz GLOS PORANNY in Polish 25 May 94 pp 1, 5

[Interview with Union of Labor Chairman Ryszard Bugaj by correspondent Henryk Sroczynski; place and date not given]

[Text] [Sroczynski] What place would you designate for your group on Poland's political stage?

[Bugaj] Our place on that stage has remained unchanged for a long time now. On the other hand, the Democratic Union [UD], which used to occupy the center position, has now clearly moved to the right, while the Democratic Left Alliance [SLD] has moved at least to a center position.

[Sroczynski] Are you trying to say that you are now the most left-oriented party?

[Bugaj] Indeed, that is what we are. With one reservation, however: that the political scene in Poland is, as a whole, somewhat right-oriented.

[Sroczynski] There was a time when you hoped to win over a proportion of the National Trade Union Alliance [OPZZ] deputies who were members of the Democratic Left Alliance Parliamentary Caucus. These calculations did not materialize....

[Bugaj] The SLD leadership is firm and, as you saw for yourself during the budget vote, it decided to expel from their parliamentary club anyone who dares to vote against their instructions. However, there are many people there who articulate the issues which were on the agenda during the election campaign. On the other hand, there are also the Social Democracy of the Polish Republic [SdRP] activists delegated to operate in the trade unions. I do not know what their proportional numbers are.

[Sroczynski] The differences which already existed between you, Waldemar Pawlak, and Aleksander Kwasniewski have deepened since the time when you negotiated with them the possibility of your joining the parliamentary coalition. Why is that?

[Bugaj] We have not noticed any marked changes in their stand on social and economic issues. Nor do we conclude from Mr. Kolodko's public statements that such changes are about to take place. The second area in which we have reservations about their positions concerns questions of personnel appointments: An increasing number of figures from the past have been appearing on the scene. The third bloc of contentious issues entails relations with the President's Office. The president's actions can hardly be defined as constructive. Why was the situation allowed whereby certain ministries come directly under the president's decisions? Why was the concept of a "presidential ministry" created at all? There are also certain matters on which, it seemed, there were no appreciable differences between ourselves on the one hand and the SLD-PSL bloc on the other. I am thinking here of our proposal for a constitutional referendum. By now it is more and more often that we can hear them say: We do not know.... Let us wait and see....

[Sroczynski] How do you assess the opposition in the Sejm? Do you not think that it is weak and contributes very little?

[Bugaj] Indeed, it is weak. There are two reasons for its weakness. First, the coalition is far stronger because it commands a large number of seats in parliament; second, despite the many accusations being leveled against it, the coalition is relatively well consolidated. On the other hand, the opposition, which is to be found both on the left and the right side (although I do not quite know where to place the Confederation for an Independent Poland), is certainly rather weak. That is why it has a very limited chances of standing up successfully to the government and opposing its plans.

[Sroczynski] Perhaps the Sejm itself is too weak?

[Bugaj] If you are referring to the political elites' level of competence in discharging their brief, I would agree with that proposition. It is equally true of the parliamentary parties representing the government coalition and the opposition.

[Sroczynski] We will soon see the launch of the presidential election campaign. Consequently, we can surely assume that there is much discussion in your party on your future candidate for the president's office. In your opinion, who should run for the presidency from your group?

[Bugaj] I would like to see a candidate representing a center-left orientation, and, most importantly, offering a guarantee of a serious attitude to the discharge of his duties and an unconditional respect for the constitution. So far, a candidate combining these qualities has not materialized. However, I am still hopeful that we will find him.

[Sroczynski] What do you think of the chances of candidates proposed by the right wing? The right is, after all, about to become consolidated and create a united confederation.

[Bugaj] I have become accustomed to situations whereby, if you hear a public statement from the right-wing camp on a Monday, you can be certain that it will be disclaimed on Tuesday, that something entirely new will be announced on Wednesday, and that by Thursday it will be back to the original Monday statement again. Consequently, I cannot tell with any certainty what will happen in the right-wing camp in the near future and, to tell the truth, I am not particularly interested.

[Sroczynski] But let us assume that every major political group nominates its own candidates to the office of president. Who will stand the best chance then?

[Bugaj] I believe that in the first round the chances will be even, and by the second round the presidential election will become a lottery.

[Sroczynski] In other words, you believe that certain related political groups should come to an agreement and nominate their presidential candidate jointly? Would your party be willing to participate in such an agreement?

[Bugaj] I hope so.

Modernized Version of Iryda Aircraft Viewed

WS0606134694 Warsaw POLSKA ZBROJNA in Polish 6 Jun 94 p 2

[Article by Wlodzimierz Gnarowski, chief designer of the I-22 Iryda aircraft: "Iryda With New Capabilities"]

[Text] *At the Mielec airport, Engineers Tadeusz Lechowicz and Grzegorz Warkocki, test pilots at the Aviation Institute [Instytut Lotnictwa], have performed their first flight on an M-93 Iryda, with modern aviation equipment that has been integrated by a French firm named SAGEM.*

The flight was the first step in the implementation of a joint demonstration program by the Mielec Polish Aviation Plant [PZL- Mielec], SAGEM, and the Aviation Institute. The main goal of the program is to present the plane's expanded capabilities.

The development of aviation technology in recent years was to a large extent possible because of the introduction on board of aircraft and helicopters, of modern electronic systems called aviation electronics. Microprocessors, computers, radars, lasers, and electronic meters have been widely applied in both civilian and military aviation. The solutions used thus far with regard to onboard systems of Iryda training/combat aircraft were largely based on equipment coming from the former USSR, which was a logical consequence of using the equipment in combat planes of the Polish Air Forces and of the practical accessibility of that type of equipment. Currently, it is possible to modernize Iryda quickly by introducing aviation electronic systems produced in Western countries. It is not possible to design or manufacture domestically a wide array of equipment required in the plane, within time limits set by the user. So there is a need to rely on foreign producers, while not giving up domestic designs for the future, in those cases where it is justified economically.

The Aviation Institute and PZL-Mielec have jointly considered offers of some leading foreign producers of aviation electronics. They have chosen the SAGEM company for the implementation of the demonstration program, during which modern aviation electronics were placed into and integrated with the aircraft. The equipment installed includes, among others, precise systems of inertial navigation [nawigacja bezwladnosciowa] and satellite navigation, computers facilitating the carrying out of precisely-targeted attacks, as well as electronic meters that describe flight parameters and that make it easier to perform tasks.

As a result of this work, the M-93 Iryda aircraft was born, which will make it possible to train pilots and trainees (during flights and during performance of air-to-air and air-to-ground combat tasks) while using modern equipment, which, in a way, reflects the performance of those tasks using combat aircraft during ordinary and difficult weather conditions, both at night and during the day. The Inertial Navigation System (INS) makes it possible to train a pilot under conditions that approximate war conditions, regardless of the infrastructure on the ground.

The solution adopted is open to possible further modernizations, depending on the needs of the aircraft's developmental versions. Among others, the navigation/targeting computer can be adapted to navigation depending on terrain features, while the entire system can be supplemented by a FLIR-type device whose goal is to fight targets with no visibility and to conduct reconnaissance tasks.

Bank Officials on Credit Policy, Central Bank

WS0706115594 Warsaw NOWA EUROPA in Polish 7 Jun 94 p 19

[Article by "P.S.": "Bank Credits; So Far, No Revival"; accompanying diagram not included]

[Text] *The recent lowering of the central bank's interest rates caused credits offered by Polish banks to get cheaper, often times significantly. Economic growth and a revival in economic activity causes an increased need for financial means. NOWA EUROPA has asked the representatives of a few banks which are leaders among credit-providers, about the level of interest in credits on the part of potential customers.*

The lowering of interest rates took place only recently, so it is too soon to talk about trends, Andrzej Dorosz, director of Pekao SA's Credit and Guarantees Department, told NOWA EUROPA. One should also not draw too far-reaching conclusions after a few months of this year. But one could mention an increased level of interest shown by large economic units in high investment credits. Measures for providing credits to the population are also developing—the bank introduced that service relatively recently. These are standard loans which are dependent on salary levels.

Polska Kasa Opieki-Bank Panstwowy [PKO BP] is Poland's largest credit-provider (almost 60 trillion zlotys last year). Faced with an increased interest in credits on the part of both enterprises and the population, as well as faced with growing competition, the bank has been widening its array of offers more and more. For instance, in the case of housing credits, PKO BP is most eager to see those customers, who need money to complete their investments. We have an asymmetrical credit portfolio which is dominated by multi-year housing credits of a specific nature, Janusz Ostaszewski, PKO BP's press spokesman said. We have not reported a revival since the beginning of the year. Providing credits is not an area where changes would take place fast. A lowering of interest rates does not cause an immediate increase in the level of interest shown in these interest rates. With installment purchases by the population in mind, non-cash credits have been prepared. Credit repayment for purchasing cars has been extended to four years.

The large portfolio of Bank Gospodarki Zywnosciowej [BGZ], is a result of the difficult situation in agriculture and in the processing industry, rather than being a result of economic expansion, said Leszek Wisniewski, BGZ's deputy chairman. The situation has been imposed on us—we have no intention of extending the measures to those sectors of the economy which are not the strongest ones. I am not optimistic when it comes to those sectors. True, there are several stronger sectors, but the majority is weak, for instance the sugar industry, or the grain and milling industries. We report no revival, and the level of interest in investment credits is very minor. It is the same case with preferential credits—loans for buying out or restructuring farms, or for modernization of the processing industry, have interest rates which are as low as 23 percent.

During the first four months of this year, the structure of credits granted by the Powszechny Bank Gospodarczy in Lodz, has changed, said Bogdan Jachowicz, the bank's press spokesman. The contribution of central investments increased from 77.7 percent at the end of the year, to 79.4 percent. The number of credits for socialized enterprises has decreased slightly: from 10.8 percent down to 10.2 percent, and when it comes to nonsocialized enterprises, the decline was from 10.5 percent to 9.3 percent. Credits for the population increased by 0.1 percent—up to 1.1 percent.

Industry Minister on Plans for Special Zones

WS0606143094 Warsaw NOWA EUROPA in Polish 6 Jun 94 p 4

[Interview with Industry and Trade Minister Marek Pol by Maria Nowak; place and date not given: "Opening Doors for Business Community; Special Economic Zones Will Be Established"]

[Text] [Nowak] Around the world, several hundred special economic zones [S.E.Z] are in operation. They are also called industrial zones, free customs zones, or industrial bases. They are regarded as a way of achieving economic growth that has passed its test, and they are to be established also in Poland. Recently, the government adopted a draft law on S.E.Z.'s. Mr. Minister, when will the idea be actually implemented?

[Pol] The government will approve the final version of the draft law in June. Then, it will be submitted to the Sejm and one should expect the parliament to adopt the law in October. Which means we will begin establishing the first S.E.Z.'s by the end of the year.

[Nowak] At the stage of working on its concept, why did the Industry and Trade Ministry use the experience of an Irish firm called Development Ireland?

[Pol] The choice of the firm was determined by an auction, and also by the fact that the firm succeeded in establishing one of the best functioning S.E.Z.'s in the world, that is the Shannon zone. Among others, highly processed production is concentrated in the zone.

[Nowak] The draft law envisages economic preferential treatment for investors, as well as the easing of procedures. What will these entail?

[Pol] The most important point will be a tax break when it comes to income tax, which in the West is known as corporate tax. We envisage a complete waiver from the tax for half of the period for which a particular S.E.Z. will be established, while in the other half of the zone's existence, we envisage a 50-percent tax break. What does this mean? If we establish a S.E.Z. for a period of 20 years, then some units—the most attractive ones which we will be most eager to have—will be able to gain a waiver from corporate tax for a period of 10 years, which is really an enormously significant advantage.

Apart from that, we envisage breaks on real estate taxes, an accelerated depreciation, as well as a possibility of deducting investment expenditures from costs. And I think the easing of customs and bureaucratic procedures, are also important. We want to have the kind of situation where investors operating in a S.E.Z. would concentrate on the process of producing whatever they want to produce, while the area's manager will be obliged to secure property and all kinds of services for the producers, for instance telecommunications services. We intend to minimize the cost of manufacturing merchandise and services, in order to increase their competitiveness.

[Nowak] Who will make decisions on the establishment of the zones?

[Pol] Only the government will be authorized to make such decisions.

[Nowak] Supposing some territorial authorities are not interested in a particular S.E.Z. because the advantages gained from its establishment will not compensate for the loss of income revenue. What will happen then?

[Pol] We will not force anybody to do anything—such is the general rule. But it is true that we are granting waivers, we give up on collecting some taxes, but the state will receive personal income taxes at the same time. And if people work instead of collecting unemployment benefit, then for the state budget, that means revenue instead of expenditures. We also have the VAT tax since production is growing. These are revenue sources and we are basing our concept of S.E.Z.'s on such principles, while also taking into account the need to make the regions more active generally speaking. After conducting a global analysis, one will see that it really pays to have a S.E.Z. in a particular region.

[Nowak] Who will represent the State Treasury's interests in such a zone?

[Pol] Primarily the industry and trade minister. But I also want to be clear that this does not exclude the finance minister's right to exercise supervision, nor does it exclude the foreign economic cooperation minister's involvement for instance in issues of customs law.

[Nowak] Will foreign investors be authorized to conduct economic activity in these S.E.Z.'s, or will it be restricted to companies with foreign capital?

[Pol] Anyone will be able to conduct economic activity. We envisage no limitations whatsoever, neither when it comes to the kind of capital, nor regarding its source. We need both big and small investors, both Polish and foreign ones. We also intend to introduce no distinctions when it comes to tax breaks and other procedures. We introduce the same rules for all firms.

[Nowak] Could the scale of investment have an impact on the size of tax breaks?

[Pol] Yes, but this is not just about the investment scale. The idea of S.E.Z.'s is much more comprehensive than that. Apart from so-called multifaceted zones where we will be particularly eager to see investors with big projects, we will also want to establish zones geared toward some specific fields. In such cases, the size of the investment is not as important as its content [preceding word published in italics], meaning its know-how [preceding two words published in English], the project's technological value, and so forth. Apart from that, there is a need both for someone to produce a product, and also for someone to provide service to the investor in question.

[Nowak] Since the size of the capital that was invested, among others, is to determine the size of the breaks granted, what will be the capital's minimum value required?

[Pol] We envisage neither an upper nor a lower limit. Investment quality, employment size, and the project's proecological nature, will be of particular importance to us.

[Nowak] Conducting economic activity in S.E.Z.'s would also facilitate the establishment of a duty-free area. Is this being taken into account?

[Pol] Absolutely yes. It is our ambition to have a duty-free area in each S.E.Z. It is a very important issue. We even want to take things so far—and we will cooperate with the Foreign Economic Cooperation Ministry and with the Main Customs Office on that issue—as to have each S.E.Z. have its own customs office. Along with customs officials, we would like to set up modern customs services procedures to make activity easier, and not to be an obstacle.

[Nowak] Foreign investors may be interested in purchasing land or real estate in the area of the S.E.Z.'s. Will they have a right to do so?

[Pol] Yes, they will. They can both buy and lease land. We envisage all possible kinds of mechanisms—after all, some like to work on their own property while some others do not, since their involvement is on a short-term basis only. That is why we must be flexible.

[Nowak] Waivers for firms having to sell foreign currency acquired from the sale of merchandise and services manufactured in an S.E.Z. to currency banks, could be a strong investment incentive.

[Pol] We are trying to get the National Bank of Poland and the Finance Ministry to issue such a currency permit to the firms. But I cannot say at this stage whether we will succeed since this is a strategic issue, linked with the state's financial security. We think our idea could be regarded as an experiment.

[Nowak] Will every unit be able to conduct activity in a S.E.Z., or do you perhaps envisage auctions or other types of measures?

[Pol] Generally speaking, we regard auctions as an excellent way of selecting the best. In case the auction procedure is not used, the industry and trade minister will determine who will have the right to conduct economic activity.

[Nowak] How many such areas are being planned in Poland?

[Pol] We do not want to create a multitude of such areas throughout the country. We want to approach the concept with caution in the beginning. We will begin with a pilot zone [strefa pilotazowa], followed—within two to three years—by two or three more, and then we will see how they function in practice and how profitable they are. Depending on the outcome, we will either be opening up the door, or closing it.

[Nowak] Does the ministry already have specific ideas as to where exactly it would like to initiate the experiment?

[Pol] At this stage, I would rather not mention all the regions being considered by us. I will just speak briefly about Mielec. The town was one of the initiators of the whole concept, and it has fought for its implementation. It is an area of aviation industrial monoculture, with a high unemployment rate but also with a very highly skilled cadre and an excellent infrastructure. After all, there is an airport on the territory of the Mielec Transportation Equipment Plant, on which any aircraft can land, including a Boeing 777. There is also a railway network—both narrow-track and wide-track—so this could for instance be a place for reloading shipments from the Far East (going through the former USSR) to West Europe, and vice versa. There is also hot and cold water, electricity, assembly halls and modern equipment. Planes are manufactured there, and the company cooperates with the Boeing concern by producing aircraft doors for Boeing—that is proof of what the plant is capable of. Mielec's location is also an asset—it is close to the eastern border, and if one wants to take some time off after work, Bieszczady Mountains are just around the corner.

Generally speaking, we will first take into account those regions where a big potential has been accumulated but it

has not been fully used up to now, for instance the construction site for a nuclear power plant in Zarnowiec.

[Nowak] Do foreign investors show an interest in our zones about which there has been much publicity for the second year in a row?

[Pol] Yes, they do. Actually, they show a very big interest but I am not authorized to disclose trade secrets.

[Nowak] Could you at least tell us what countries these investors represent?

[Pol] The largest amount of offers came from the United States, perhaps because so-called industrial parks [parki przemyslowe] are very popular there, and businessmen know that it is simply good business. We also have many proposals from Germany, Italy, France, and also from our domestic capital, which is a particular reason for joy.

[Nowak] Mr. Minister, can you tell us what kind of economic activity do they want to conduct?

[Pol] They are interested in the production of passenger cars, trucks, and various kinds of building materials which are often very complicated. We have also received offers that take the skills of the Mielec crew into account—this is, among others, the plastic treatment of metals.

Organizations React to Tudor Statement

'Revolutionaries' Demand Legal Action

AU0406193994 Bucharest Radio Romania Network in Romanian 1700 GMT 4 Jun 94

[Text] A communique faxed to us today by the associations and leagues of revolutionaries, who on 2 June protested in front of Senate headquarters requesting that Senator Corneliu Vadim Tudor be brought to justice, demands that the general prosecution immediately begin investigations with respect to the slanderous accusations against those who shed their blood to establish democracy in Romania.

The communique also demands that the Romanian Intelligence Service [SRI] publicly express its stance in connection with Tudor's statement, which warned of the threat represented by the [alleged] coup and the attempt on the life of Romania's president, as such statements are considered, quote, as destabilizing and provoking accusations which generate social tension at the level of the whole country, unquote.

In conclusion, the communique also requests that the presidential institution publicly state its position with respect to Corneliu Vadim Tudor's statements.

The communique is signed by representatives of the 1989 December Romanian Revolution Foundation, TV-Club 22, the League of the Fighters, the Wounded, and the Heirs of the 1989 December Revolution Hero Martyrs, the 1989 December Fighters Organization, the People's Alliance, the Young Romania Foundation, the 21 December Bucharest Association, and the Club 22 Association.

PD(FSN) Condemns 'Slanderous' Statements

AU0406194094 Bucharest Radio Romania Network in Romanian 1700 GMT 4 Jun 94

[Text] The Democratic Party (National Salvation Front) [PD(FSN)] today issued a declaration which states, among other things, that together with the entire Romanian public opinion, the members of that political party who participated in the 1989 December revolution express their resolute protest and condemn with all the strength lent to them by their faith in the values of liberty and democracy the slanderous assertions by Corneliu Vadim Tudor [senator and chairman of the Greater Romania Party—PRM], combined with a language lacking any trace of decency, and addressed to the persons who, by their exemplary courage and spirit of sacrifice, defying death, fought to remove the totalitarian communist regime and to forge a new destiny for the Romanian nation.

The PD(FSN) declaration continues by saying: With indignation we reject the diversion with respect to the so-called plot for the toppling by use of force of the current regime, President Ion Iliescu, and the installing of King Mihai before 17 June 1994. Mr. Ion Iliescu was among us during the revolution, in the struggle fought for its victory, and, regardless of our political stances, which may vary, his merits cannot be denied, as no one can deny the legality and legitimacy of his having been elected as head of our state.

The declaration in conclusion requests that the Romanian Senate withdraw parliamentary status both from Corneliu Vadim Tudor and, quote, from all people who, by their deeds, promote views that are particularly dangerous for the country, the law-governed state, and the opus of national reconstruction, unquote. The declaration is signed by the PD(FSN) Steering Collegium.

Protesters Demand Lifting of Immunity

AU0606160094 Bucharest Radio Romania Network in Romanian 1300 GMT 6 Jun 94

[Text] A protest rally was organized this morning by the Association of Romanian Revolutionaries in Bucharest's Revolution Square, in front of the headquarters of Romania's Senate. The protesters demanded the withdrawal of parliamentary immunity and the start of legal proceedings against Corneliu Vadim Tudor [president of the Greater Romania Party, PRM], Adrian Paunescu [vice president of the Socialist Party of Labor, PSM], and Valeriu Momanu [senator of the Social Democracy Party of Romania, PDSR], for, quote, their attitude and slanderous statements about the December 1989 revolution, the martyred heroes, and the revolutionaries, end quote.

The participants in the rally chanted slogans against the PRM and the PSM and against the reestablishment of the Romanian Communist Party [PCR], which they consider to be a slap in the face of the revolution and its heroes.

A communique from the National Confederation of Free Unions in Romania [CNSRL]-Fratia, signed by Executive Chairman Miron Mitrea, was read at the meeting. The communique expressed that confederation's support for the demands of the revolutionaries.

Throughout the duration of the rally, a group of PRM supporters was also present in Revolution Square. Small scuffles broke out between them and the representatives of the revolutionaries. The police troops present in the square intervened promptly and restored order.

SRI Denies Alleged Coup Planned

AU0606195594 Bucharest Radio Romania Network in Romanian 1700 GMT 6 Jun 94

[Text] The Romanian Intelligence Service [SRI] has faxed us a communique referring to the assertion made in Constanta [on 3 June] by Corneliu Vadim Tudor [senator and chairman of the Greater Romania Party, PRM], during a news conference organized in that city by the PRM. According to the communique, the SRI press bureau has been authorized to publish the following:

The examination of the operational situation and the information available in the reference domain does not confirm the existence of any intention or real possibility of assassinating the Romanian president or restoring the monarchy in the near future.

The circulation of such news without the sufficient previous checking of its likelihood needlessly creates confusion and unrest or, on the contrary, it makes public opinion doubt the seriousness of such assertions. The SRI communique concludes by saying that, quote, however, if Senator Corneliu Vadim Tudor is in possession of realistic information with respect to the aforementioned issue, we invite him to publish it, unquote.

Red Mercury Smuggler Linked to Vacaroiu Tour

AU0606092394 Bucharest EVENIMENTUL ZILEI in Romanian 31 May 94 p 1

[Report by Dan Andronic: "On His South American Tour Nicolae Vacaroiu Was Accompanied by the Representative of a Company Involved in Radioactive Materials Trafficking"]

[Text] After having published our article titled "Romanian Companies Trade With Radioactive Material and Armaments From the Soviet Union," now we can let you know that we are in possession of information proving that one of the members of the government delegation headed by Prime Minister Nicolae Vacaroiu, which visited a number of Latin American countries, was the representative of such a company.

Thus, in Chapter 5 of the official list of the delegation, which contains the names of the businessmen accompanying the prime minister, one finds the name of Constantin Francu, director of the board of the Dunarea Ltd. company.

We consider it strange that the same person, Constantin Francu, was once caught at the Varsand border crossing point, in Arad County, trying to take over 10 kg of red mercury. It is noteworthy that this was the largest red mercury seizure ever made on the territory of Romania and that the place of origin was the former Soviet Union.

Nicu Ceausescu's Cirrhosis Diagnosis Questioned

AU0606182494 Bucharest EVENIMENTUL ZILEI in Romanian 1 Jun 94 p 1

[Report by Andra Aurora Manta and Marcela Feraru: "Alexandru Oproiu, State Secretary of the Health Ministry, Falsified the Cirrhosis Diagnosis of Nicu Ceausescu"]

[Text] "The population of Sibiu feels pity and sympathy for Nicu Ceausescu, although according to the findings of the commission [investigating the 1989 December events], he was the one who called the terrorists to come to that town," Serban Sandulescu, senator for the PNTCD [National Peasant Christian Democratic Party] and a member of the commission investigating the 1989 December events, asserted during a news conference yesterday.

The cirrhosis diagnosis, on the basis of which Nicu Ceausescu today walks around as a free person, was established on the basis of an endoscopic examination that actually did not take place at all. Nicu Ceausescu was "submitted" to that examination by Alexandru Oproiu, state secretary of the Ministry of Health. According to the conclusions of Senator Sandulescu, Oproiu "deliberately falsified the diagnosis."

The PNTCD senator also said that he is in possession of a copy of the medical records on the son of the former dictator and that one of the physicians who had been in charge of tending to Nicu Ceausescu in the Colentina Hospital confirmed that the latter's cirrhosis "is merely a bedtime story for children."

Senator Sandulescu also stated that the bodies authorized to investigate the 1989 December events "did everything possible to conceal the truth and remove the traces." "Despite the fact that all the persons who were summoned to bear witness in front of the senators' commission swore to tell the truth, they actually lied," asserted Sandulescu.

France's Leotard Arrives on Visit

AU0206152494 Bucharest Radio Romania Network in Romanian 1300 GMT 2 Jun 94

[Text] A short while ago Francois Leotard, French minister of state for defense, arrived in Bucharest at the invitation of his Romanian counterpart, National Defense Minister Gheorghe Tinca. Mr. Leotard was met at the airport by Romanian National Defense Minister Gheorghe Tinca; Petre Roman, chairman of the Chamber of Deputies Commission for Defense, Public Order, and National Security; Nicolae Manolescu, chairman of the Civic Alliance Party, His Excellency Bernard Boyer, French ambassador to Romania; and other members of the embassy, reports correspondent Daniela Simionescu.

Tinca, Leotard Hold Talks

AU0206200994 Bucharest Radio Romania Network in Romanian 1900 GMT 2 Jun 94

[Text] In talks today delegations from the Romanian and French Defense Ministries reviewed the current stage in bilateral relations and their perspectives and assessed the current situation in Europe and the tendencies of security structures at the continental level.

Romanian National Defense Minister Gheorghe Tinca told us that he had asked French Minister Leotard to urge the important French companies to come to Romania to cooperate both in the field of military equipment and in the civilian economy.

Similarly they assessed cooperation between Romania and France, as well as between the two armed forces, within the framework of NATO, in the context of the Partnership for Peace initiative, and within the Western European Union [WEU], where they noted Romania's status as an associate partner within that organization, a status granted to central European countries.

The talks also focused on the perspectives of strengthening European stability, the readiness of the two parties to cooperate in that domain, and the possibilities opened by the stability pact initiated by French Prime Minister Edouard Balladur.

The talks held this afternoon by the Romanian and French defense delegations proved to be a good opportunity to reconfirm the friendly relations between Romania and France and the two armed forces and the mutual desire to further those relations, in view of the need for cooperation to find the most favorable solutions to remodel the security context and common future of united Europe.

Leotard Holds News Conference

AU0306145394 Bucharest Radio Romania Network in Romanian 1000 GMT 3 Jun 94

[Text] Francois Leotard, French minister of state for defense, expressed his satisfaction with the political and military dialogue he had in Bucharest and termed those talks as very positive, report our correspondents Doina Saiciuc and Nicu Popescu, who attended the news conference organized this morning at the residence of France's ambassador to Bucharest. During the talks, the French defense minister said, they examined the problems of Europe's security architecture, regional security, and military cooperation. Leotard termed as very close the two parties' assessments of the Partnership for Peace initiative and the stability pact, which was initiated by French Prime Minister Edouard Balladur.

Leotard announced that he had proposed to the Romanian party that the French and Romanian navies should hold joint drills and that he had invited the Romanian minister of national defense to visit Paris.

Gheorghe Tinca, who also attended the news conference, said that he had accepted Leotard's invitation with pleasure and that his visit is to take place in the month of September, after which he emphasized that the Bucharest talks were the logical continuation of the talks held by the presidents of Romania and France, Ion Iliescu and Francois Mitterrand.

Tinca also noted the similar evaluations made by the two parties in the domains of regional and European security, as well as the readiness of the French party to cooperate with our country.

This morning Romanian Foreign Minister Teodor Melescanu also held talks with Francois Leotard. According to our reporter, their talks focused on the principal geopolitical trends, with a special emphasis on the military angle. Besides recent evolutions in former Yugoslavia, Russia, and Ukraine, they also touched on the subject of the Partnership for Peace and the Balladur pact for stability in Europe. The French minister was also received at Cotroceni Palace.

Silajdzic Calls Partition Proposal 'Criminal'

BR0606133994 Paris LE FIGARO in French 6 Jun 94 p 2

[Interview with Bosnian Prime Minister Haris Silajdzic by Renaud Girard in Paris; date not given: "Silajdzic: 'Europe Scorns Our Right To Legitimate Defense'"]

[Text]*Haris Silajdzic is an energetic man in his forties, with simple and direct ways who speaks excellent English. Just as much at ease in an international forum as he is on the streets of Sarajevo, he embodies the new generation of staunchly European Bosnian politicians. He was appointed prime minister last fall from the post of foreign minister, and since then has constantly demanded that Europe respect its commitments toward the aggressed Bosnia. Passing through Paris, he held a long meeting late on Friday afternoon [3 June] with Alain Juppe at the Foreign Ministry, then with President Mitterrand at the Elysee.*

[Girard] In your opinion, what is required for there to be a long-lasting cease-fire in Bosnia-Herzegovina?

[Silajdzic] We want Serbian troops to withdraw completely from the Gorazde safe area, as the United Nations and NATO have requested. Only then can we start negotiations on putting a stop to the hostilities.

[Girard] Do you think that your troops have any chance of cutting off the Brcko corridor? (linking Serbia with the areas of western Bosnia and Croatia that have been conquered by the Serbs.)

[Silajdzic] We are not concerned today with cutting any corridors, but rather with obtaining a real cease-fire that will enable us to begin negotiations. To be able to talk, there must first be an atmosphere of peace. The problem with the negotiations we have had in the past with the Serbs is that they were held in an atmosphere of constant attacks on our towns by Belgrade's forces.

[Girard] But the Bosnians are no longer on the defensive. You now have a real army which the Serbs, who are good gunners but bad infantrymen, are increasingly afraid of. Why do you not seize on this advantage?

[Silajdzic] I trust you are not being serious! Your question implies that the aggressors, who have ravaged half the country, destroyed our towns, killed so many civilians, opened concentration camps, and systematically raped, have now become the victims. The facts speak for themselves. Serbia is the aggressor. The Serbian infantry is armed to the teeth, backed up by tanks, artillery, and ground-to-ground missiles and anti-aircraft guns—all weapons that we do not have. There is no offensive in Brcko or Bosnia. There is fighting, to resist aggression. Our resistance cannot be described as an offensive.

[Girard] What are your conditions for a political solution to the conflict?

[Silajdzic] First, that the areas where genocide has taken place, that have seen ethnic cleansing, are not handed over to the perpetrators of these crimes. The Serbian militia that have invaded these areas must return home and their leaders, who orchestrated the ethnic cleansing operations, should be tried and sentenced as war criminals by an international tribunal.

[Girard] There was a war crimes tribunal in Nuremberg because there were victors capable of setting one up. However, in the current situation, how can we practically reconcile political settlements and a war tribunal?

[Silajdzic] I do not accept the equation that justice equals strength. If you say that we can only see that justice is done if we are victorious, then it is a return to the stone age. We want to obtain both the political settlement of the conflict and the setting up of a war court. Innocent people have been killed: There must be a court. These days, when you kill a man, you are put in prison or you are sentenced to death by lethal injection, like in the United States. If you kill a dozen people, you are called a "serial killer" and you are sent to a psychiatric prison. If you kill 200,000 people, you are cordially invited to Geneva...

[Girard] Where the territory of Bosnia-Herzegovina is concerned, what percentage have you demanded for the Croatian-Muslim federation and what percentage of the occupied territory would you agree to leave to the Serbs?

[Silajdzic] Which Serbs are you talking about? We believe that those who orchestrated this fascist project for a greater Serbia, based on ethnic cleansing, are a small minority of the Serbian people.

Most Serbs have left the country because they do not approve of this criminal policy. We still have with us some 200,000 Serbs, loyal to their country, Bosnia, and to its government. If the Serbs want to live separately and among themselves—inside the sovereign state of Bosnia-Herzegovina, of course—then they may do so, but only in those areas where they were in the majority before the conflict began.

[Girard] Which means what percentage?

[Silajdzic] We are not talking in terms of percentages here, we are talking about a principle. For example, the federation we have founded with the Croats does not include a single village which had a majority of Serbs before the war. For their part, the Serbs occupy many towns that did not have a Serbian majority, but they want to acquire these regions for themselves. We will not accept that.

[Girard] I note that you are not opposed to areas where the Serbs could live among themselves. What percentage of the country does that represent?

[Silajdzic] We said that before the war, 58 percent of the country was inhabited by a Bosnian or Croatian majority or quite simply by Bosnians. The problem is that any idea of division or partition is itself a criminal idea

because, in my country, people were living together, and not just in the same town, but in the same street, the same building, the same house, and often sharing the same bed. How can you divide that up? What do you do with the children of mixed couples, who are neither Serbs, Croats, or Bosnians? To my eyes, dividing people up like that is a crime in itself. That is why we disagree with certain Western governments, since they would let this happen.

[Girard] How?

[Silajdzic] By giving practically carte blanche to the fascist regime in Belgrade to kill and hunt defenseless people. We can respect a decision of non-intervention, or even of strict neutrality. But there is no longer any neutrality when we are prevented from arming and defending ourselves, and if a blind eye is turned while the Belgrade regime conquers all the land it wants. Now the Serbs are claiming that the status quo should be maintained, and many Western governments are ready to give in to them. Some even say to us: If you do not accept the peace plan, we will withdraw our blue helmets! Europe is scorning our right to legitimate defense.

[Girard] What is the situation with your alliance with the Croats?

[Silajdzic] We have lived with the Croats for centuries. Of course, we are two separate regions, but we share the same culture and the same literature.

Why did we fight against the Croats in 1993? After the Serbian aggression of April 1992, everyone began to fight to survive. It is true that one of the Serbs' greatest achievements was to provoke this fratricidal struggle between Croats and Bosnians. Now, we enjoy good relations with Croatia and, on this issue at least, I am optimistic about the future.

Silajdzic Returns From Geneva; Comments

LD0606233194 Zagreb Radio Croatia Network in Serbo-Croatian 2200 GMT 6 Jun 94

[Text] Bosnia-Herzegovina Prime Minister Haris Silajdzic returned from Geneva to Sarajevo this evening. He stated that the international mediators have been trying to impose a take-it-or-leave-it solution by exerting pressure on Bosnia-Herzegovina, stressing that the contact group said it would put forward its proposal in a week or two. We are not pleased with the proposal of the territorial division in eastern Bosnia, and there are no instruments of coercion. Therefore, we are wondering how any kind of agreement would be implemented, Silajdzic added. He also said that Bosnia-Herzegovina demanded that NATO offer guarantees for the implementation of the agreement and secure Bosnia-Herzegovina's borders in case the peace agreement is accepted. Bosnia-Herzegovina also demands specific plans for the return of refugees and clear guarantees that reconstruction aid will be provided. Silajdzic announced that members of the contact group would visit Sarajevo in approximately 10 days to resume negotiations.

New Federation President Views Aims, Tasks

AU0606172894 Zagreb VECERNJI LIST in Serbo-Croatian 3 Jun 94 p 2

[Interview with Kresimir Zubak, president of the Federation of Bosnia-Herzegovina, by S. Lovrenovic, place and date not given: "The Solution Has Not Been Forced on Us"]

[Text] After his election as the first president of the Federation of Bosnia-Herzegovina, we asked Mr. Kresimir Zubak to give his first interview to VECERNJI LIST in his new post.

[Lovrenovic] You have just been elected president of the Federation. What is your first task in your new post?

[Zubak] The first thing is that, in the capacity of delegates of both the Federation and the state delegation of the Republic of Bosnia-Herzegovina, we are supposed to negotiate in Geneva with the representatives of the Serbian people regarding the cease-fire, and then on 6 and 7 June, in Talloires, to continue negotiations on the political part of resolving relations in Bosnia-Herzegovina, that is, establishing a final peace.

Two Initiatives

[Lovrenovic] Why have the negotiations now been split between Geneva and Talloires?

[Zubak] Two initiatives are involved here. One, in Geneva, conducted by Mr. Akashi, has as its aim the establishment of a cease-fire, while the other is an initiative of the contact group member countries, whose aim is to mediate between the warring factions in Bosnia-Herzegovina in order to attain a final peace, that is, to finally define the political and legal relations in Bosnia-Herzegovina.

[Lovrenovic] What are the tasks connected to the functioning of the Federation?

[Zubak] As far as the Federation is concerned, Mr. [Vice President Ejup] Ganic and I—within the framework of our authority—should undertake everything to commence the implementation of the provisions of the Federation Constitution, and that concretely means that we should launch an initiative for the establishment of bodies of authority. In this respect, one of the first tasks is the establishment of the Federation Government.

[Lovrenovic] Are we essentially talking about a reconstruction of the existing Bosnia-Herzegovina Government?

[Zubak] At the last meeting of the Constituent Assembly, when we adopted the Constitution of the Federation, we also adopted a constitutional law in which we stipulated that, instead of two governments, the government of the

Republic of Bosnia-Herzegovina—which should have continued working—and the Federation Government—as a new body of executive power in the Federation—should be reconstructed as the government of the Republic of Bosnia-Herzegovina so that it is, at the same time, the government of the Federation.

We agreed that Mr. Ganic and I should appoint the government within 15 days, and then the Constituent Assembly, acting pursuant to the provisions of the Constitution, should ratify it and proclaim the Federation Government.

Changes to the Federation Constitution

[Lovrenovic] Will the new "Vienna maps" be staunchly insisted upon and the Constitution of the Federation changed, or will you wait for the development of negotiations with the third side?

[Zubak] At the last session of the Constituent Assembly, an initiative was launched for the amendment of the Federation Constitution, since the present solution—that is, the solution that we achieved in the course of the Vienna negotiations on the establishment of two mixed cantons—requires that the Constitution is first amended, because we have envisaged that in the cantons, authority should be organized according to the principle of the organization of authority on the level of the Federation, which presupposes amending the Constitution. That is why we launched the initiative yesterday. According to the Federation Constitution, a period of 15 days must elapse during which the Constitution is amended, and only then can a new session of the Assembly be convened and the amendments to the Federation Constitution either adopted or not.

[Lovrenovic] The Vienna maps caused quite a stir, there were protests; how do things stand now?

[Zubak] The Constituent Assembly passed a decision on the adoption of the Vienna agreements. This means that on the basis of the Vienna agreement, in addition to the Constitution amendments, we also need to pass laws on the cantons, grand duchys [velezupe] that is, their territory, and so forth. This is a long process and I believe that we will be able to define the territory of the cantons only after the entire peace process is completed, that is, when an agreement is reached with the Serbian side.

[Lovrenovic] You and Vice President Ganic have called on the Serbs to join you either within the framework of the Federation or some other union. What other variants exist?

[Zubak] We have several variants. One of them involves establishing a loose, very loose community—based on a constitutional arrangement—between the Federation and the part of the territory on which the Serbs are now a majority. According to another variant, on which we insist, we are offering that the Serbs join us under the same conditions as the Croats and the Bosniak-Muslims. Between these two extremes there exists the possibility of several variants.

I Am Against Haste

[Lovrenovic] With your election, the Federation should begin to function, but authority is still divided on the ground, there are refugees, expelled persons; not much seems to have changed.

[Zubak] Although they insisted that a six-month limit should be allotted for the complete implementation of the Federation Constitution, I was skeptical about this. I had quite a few reserves because I know and I believe that I can objectively assess the situation on the ground. The most essential thing for me is to maintain the established cease-fire, to avoid fresh conflicts, and to gradually implement each segment of the Federation. I am against haste. This means that the Federation will not cease to exist if we do not implement everything that we have envisaged within six months.

[Lovrenovic] Who is going to represent Bosnia-Herzegovina before the international community?

[Zubak] This is a somewhat complicated situation. Namely, in transitional periods everywhere, and in similar situations, there is always duality and quite a vacuum in the legal system. It was simply impossible to cut short the situation, to say this that has existed until now is no longer valid, and something new is valid now. This novelty cannot immediately come into effect because the legal system and the bodies of authority need to be introduced gradually. The provisions of the Constitution clearly state that the Presidency and the Government of the Republic of Bosnia-Herzegovina retain all authority in accordance with the existing Constitution until the final peace agreement in Bosnia-Herzegovina is implemented, providing this authority does not influence any of the government's authority established by this Constitution. The formulation is a bit clumsy, but it is obvious that the Presidency and the bodies of authority of the Republic of Bosnia-Herzegovina should not encroach on the authority of the Federation's bodies of authority that have been organized according to the Constitution of the Federation. This is somewhat complicated, but we must solve all these problems through agreements, negotiations. After all, the agreement on the compositions of the delegations for negotiations is one such concrete example of how things should be done. Namely, this delegation is simultaneously the delegation of the Republic of Bosnia-Herzegovina and the Bosnia-Herzegovina Federation. We shall have to do many things in this way in order to secure legitimacy in accordance with both constitutions and to avoid possible fresh conflicts.

Herceg-Bosna Until the Establishment of Cantons

[Lovrenovic] There was specualtion in a part of the press that this Federation has been imposed on the Croats and the Bosniaks. What is your view of this?

[Zubak] Some people claim that these agreements are exclusively to the advantage of the Croatian people. Others believe that they are exclusively in the interest of the Bosniak-Muslim people. I believe that the Washington Agreement is, objectively, in the interest of both peoples. We have accepted it as such, therefore, the solution has not been forced on us, we only had a mediator, the U.S. Administration in this case. This is not a forced solution, but the U.S. Administration did apply certain pressure to achieve the agreement as soon as possible.

[Lovrenovic] You have mainly been negotiating with Dr. [Bosnia-Herzegovina Prime Minister Haris] Silajdzic. Now Dr. Ganic has been elected vice-president. Have you had any contacts?

[Zubak] I have talked to him on several occasions. I had some contacts earlier and based on this I can say that I have concluded that this is a person who knows how to argue and defend his position and represent the interests of his people, but at the same time I believe that he is a person who wishes to and knows how to take into account the interest of the other, in this case, the Croatian people.

[Lovrenovic] You are also the president of the Presidential Council of the Croatian community of Herceg-Bosna. Will you remain in this post?

[Zubak] Yes. This will continue to function as a transitional solution, until the cantonal bodies of authority are established.

[Lovrenovic] Will relations with the Serbs be solved at the "green table" or on the front?

[Zubak] I believe that we should try to negotiate with the Serbs as well, because it is in our interest not to have any more casualties and losses. It is in everyone's interest. However, if we propose solutions and such solutions are accepted by the international community as objective, realistic, and suitable for the third people, yet their leadership rejects them, then we have the legitimate right to employ other ways and means—including arms—to protect, that is, realize our rights.

'Fierce Artillery Attack' on Gradacac Reported

AU0706092894 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 0800 GMT 7 Jun 94

[Report by the Information Service of 107th Knightly Motorized Brigade from Gradacac]

[Text] A fierce artillery attack on Gradacac has been underway since early morning. At 0400 the aggressor began an all-out attack. So far today, more than 30 of the largest-caliber howitzer shells from Skugric have struck at the town center. At the same time, tanks in Turic [words indistinct] and Bucje are attacking the town and the surrounding area, while 120-mm mortars are literally showering the industrial zone and the access roads. Bearing in mind that the defense lines, especially in the region of Novalic, Sibovac, and Mionica are being attacked from 82-mm mortars together with intensified fire from antiaircraft machine guns, antiaircraft guns, and infantry arms, this morning has been one of the most dramatic of late.

While Serbian politicians are supposedly championing peace [words indistinct] the fascist policy are savagely attacking the civilians of this town. At the time of this dispatch, Gradacac is veiled in smoke caused by grenades of the largest calibers. For the time being we do not have any reports on possible casualties of this attack, which is still underway.

Muslims Reportedly Violate Cease-Fire Accord

LD0606205694 Belgrade TANJUG in English 1759 GMT 6 Jun 94

[Text] Sarajevo, June 6 (TANJUG)—Snipers from the Moslem-held part of Sarajevo on Monday [6 June] continued to fire at Serb parts of the city, violating the agreement on a ceasefire on the Sarajevo battlefront, the Sarajevo-Romanija Corps of the Bosnian Serb republic army said on Monday. Snipers from the Moslem section of Dobrinja-Five and Stupsko Brdo were firing at the Serb section of Nedjarici and the Kasindolska Street, while they were opening fire from Browning machine-guns at the Serb section of Hadzici from their stronghold on Mt. Ormanj.

Moslem units also contimued to fortify their positions in the sections of Mojmilo and Debelo Brdo. On Monday, the Moslems went on with their attacks launched eight days ago on the defence positions of the army of the Bosnian Serb republic around Srbobran (formerly Donji Vakuf), said the 1st Krajina Corps of the Bosnian Serb republic army.

Bosnian Croat Shelling of Brcko Reported

LD0606214594 Belgrade TANJUG in English 2117 GMT 6 Jun 94

["Pool" item]

[Text] Brcko, June 6 (TANJUG)—Bosnian Croats on Monday evening shelled from multiple rocket launchers civilian targets in the Serb town of Brcko in the north, TANJUG's correspondent reports.

An all-out alert has been sounded in the town.

According to incomplete reports, the attack was launched from the Croat positions at Vucilovci around Orasje, some seven kilometres northwest of Brcko. There are no reports on casualties, but material damage is extensive. This was the seventh artillery attack on Brcko in the past four weeks, and the fourth launched from Bosnian Croat positions. In all four attacks, the Croats used 128-mm shells. The Moslems mostly use tank shells. The first six attacks left seven people dead and 40 wounded, including several children.

U.N. observers, who have been deployed in Brcko since May 7, have conducted their own investigations into all the attacks on Brcko, which is situated at the neck of the vital corridor linking the eastern and western parts of the Bosnian Serb Republic.

The Serbs on May 7 proclaimed a unilateral truce in the Brcko area and reached agreement with U.N. peacekeepers on the deployment of U.N. observers in the town. Early in May, the local Croat commander in Orasje announced an all-out attack on Brcko by the combined Croat-Moslem force whose only aim, he said, was to cut the Serb corridor along the Sava River.

Serbs: Defence Positions 'Completely Stable'

LD0506175694 Belgrade TANJUG in English 1745 GMT 5 Jun 94

[Text] Zvornik, June 5 (TANJUG)—Although Bosnian Moslem forces, assisted by Bosnian Croats and troops of the regular army of the Republic of Croatia, are continuing attacks on the territory of the republic of Srpska all Serbian defence positions are completely stable and Bosnian Serb army troops will continue to resolutely prevent any violation of the territory of the republic of Srpska, Bosnian Serb army officials said on Sunday [5 June].

Armed provocations by Croats are most frequently reported in the valley of the river Sava in north-eastern Bosnia, said the sources. The Serb side does not react to provocations but when the other side launches offensive actions it uses its legitimate right to self-defence, they said.

Bosnian Serb forces effictively repulsed several Moslem artillery and infantry attacks in the region of Teslic in the north-eastern part of Bosnia and one on Mount Ozren. They also prevented infiltration of a Moslem terrorist group. Serb parts of Sarajevo, especially Ilijas, again came under fire from Moslem positions in Sarajevo, said the sources.

The ceasefire agreement for the Sarajevo region is also being violated by continuous sniper and small arms fire from the Moslem part of Sarajevo on the Serb suburb of Nedzarici and from the central party of the city on Ozren Street, said the Serb army sources.

Moslem snipers in Sarajevo on Friday severely wounded a Russian and a French member of the United Nations Protection Force (UNPROFOR) but UNPROFOR has so far not reacted to the incident.

Belgrade Radio: Muslims Suffer 'Major Losses'

AU0506143294 Belgrade Radio Beograd Network in Serbo-Croatian 1300 GMT 5 Jun 94

[Report by Borisav Djuric]

[Text] After a fragile lull of several days, the Muslims have continued their attacks on the Srbobran [Donji Vakuf] front. Members of the 7th Corps of the Muslim army early this morning carried out a fierce artillery-infantry attack on the Koscani plateau. The fighters of the Army of the Serbian Republic were ready for this attack. After fierce fighting, the Muslims were repelled, suffering major losses in manpower. On the Serbian side, several fighters were wounded slightly. NATO aircraft were again the allies of the Muslims, flying low over the combat area.

It was quieter on other parts of the Srbobran front. In fact, this is only a brief lull before a new advance by Islamic fundamentalists. It is completely clear that the Muslim offensive, which started exactly seven days ago, will continue. Although the enemy suffered a large number of casualties in the first part of this offensive, the 7th Corps is persistently trying to take hold of Serbian territories, even if it means over the dead bodies of its soldiers.

Although an air raid alarm has been sounded, the enemy artillery in Bugojno has not been pounding Srbobran today.

Moslem-Croat Attacks Reported in North

LD0506115794 Belgrade TANJUG in English 1131 GMT 5 Jun 94

[Ttext] Brcko, June 5 (TANJUG)—Moslem and Croat forces are continuing attacks on Serb positions and settlements in northern and central Bosnia-Herzegovina despite U.N. efforts to reach a comprehensive ceasefire at the Geneva talks. Bosnian Serb sources announced on Sunday that local Bosnian Croat troops and units of the regular Croatian army from the Orasje region (northern Bosnia) on Saturday evening used tanks, 60mm mortars, anti-aircraft guns and infantry weapons to attack Serb positions eight km south and southwest of Orasje. The attacks failed to cause any damage and the Bosnian Serb army held their fire. The Moslems continued offensive actions in the region of Srbobra (former Donji Vakuf), and Mt. Vlasic (central Bosnia) where they are also regrouping and massing reinforcements. In the Vlasic front, the Moslems used 128mm light rocket launchers and heavy mortars.

Western Province Holds Constituent Assembly

LD0506105194 Belgrade TANJUG Domestic Service in Serbo-Croatian 0934 GMT 5 Jun 94

[Text] Petrovac, 5 Jun (TANJUG)—Amid fierce inter-Muslim clashes, a session was held in Velika Kladusa last night of the presidium of the constituent parliament of the autonomous province of western Bosnia [APBZ]. According to the local radio station, seven new members of the presidium were elected at the session. Bozidar Sicel, a close aide of Fikret Abdic [APBZ leader] and one of the people behind the idea of the APBZ, was elected president of the presidium. As from today the presidium will function as a 15-member body.

Refugees Returning From Libya Face 'Complications'

AU0606162694 Sarajevo Radio Bosnia-Herzegovina Network in Serbo-Croatian 1300 GMT 6 Jun 94

[Text] Complications have developed regarding the return from Libya of some 900 children, 150 counselors, (?doctors), and other accompanying staff, who, one year ago, [words indistinct]. The council [word indistinct] educated in Libya and established in Zenica, recently sent a delegation to Sarajevo to consult with the Bosnia-Herzegovina Government and secure as quick a return home as possible.

After talks in the Foreign Ministry, parents were informed that the Libyan authorities are insisting on flying the children and their counselors from Libya to Split. That is why it is necessary to secure the permission of the UN High Commissioner for Refugees for several flights, since the international community has imposed an economic embargo on Libya. The Libyan [words indistinct] are offering their planes or [words indistinct]. However, such an endeavor actually means violating the embargo. The parents' delegation from Zenica has expressed doubt regarding the swift resolution of this problem, and is calling on the Bosnia-Herzegovina Government to engage [words indistinct] as well as observing the date agreed upon for the return [words indistinct].

Kucan Arrives for Talks With Tudjman

LD0706094894 Zagreb Radio Croatia Network in Serbo-Croatian 0900 GMT 7 Jun 94

[Text] Slovene President Milan Kucan arrived today on a working visit to the Republic of Croatia. Croatian President Franjo Tudjman welcomed him in the Presidential Palace, and talks between the two presidents began immediately. After the talks they will be joined by other members of the two sides' delegations.

Valentic, Romania's Vacaroiu Open Talks

LD0606122394 Zagreb Radio Croatia Network in Serbo-Croatian 1100 GMT 6 Jun 94

[Report by Albino Cehic from the Croatian Government building in Zagreb]

[Text] Official talks between a delegation of the Romanian Government, headed by Prime Minister Nicolae Vacaroiu, and a delegation of the Croatian Government, headed by Prime Minister Nikica Valentic are under way here. Soon after his arrival in Zagreb, the Romanian prime minister laid a wreath at the monument to the Croatian homeland in Medvedgrad. As I have just said, the official talks are now underway. The talks are focused on economic issues.

After the high-ranking officials of the two delegations were introduced, Prime Minister Valentic informed his eminent guest about great changes in the Croatian economy. In his introductory speech, Valentic said that there are no political or economic problems between Croatia and Romania. The two prime ministers agreed that this is a precondition for doing more in the econmic sphere, because possibilities abound. In this respect, trade should be developed despite the fact that Croatia is not yet completely free.

The Romanian delegation will stay in Croatia until Wednesday [8 June], when agreements on marine transport and the protection of investments will be signed.

Talks between economic experts of the two delegations will soon open in the Croatian Economic Chamber. Later today the guests from Romania will visit the president of the Assembly, Nedjeljko Mihanovic, and the mayor of Zagreb, Branko Miksa.

Vacaroiu on Economic Cooperation

AU0606162394 Bucharest Radio Romania Network in Romanian 1300 GMT 6 Jun 94

[Text] Official talks between the Romanian and Croatian delegations, led by Prime Minister Nicolae Vacaroiu and his Croatian counterpart Nikica Valentic, started today in Zagreb. Mr. Vacaroiu emphasized that Romania is very concerned with developing the economic relations between the two countries and with creating the necessary legal framework for economic cooperation.

According to our special correspondent in Zagreb, the Croatian prime minister presented the development stage of his country's economy, which is in full swing of stabilization, and stressed that the Republic of Croatia is also using Romania's experience as a model. Both sides emphasized that the economic potential of the two countries facilitates good relations of cooperation in the spheres of investments, transportation, health, and scientific research. We are convinced that the visit will conclude with the envisaged results, the Romanian prime minister said. The Romanian delegation will be received by the parliament speaker and the mayor of Zagreb in the afternoon.

Albanian-Montenegrin Border Crossing Closed

AU0606133594 Skopje MILS-NEWS in English 6 Jun 94

[Unattributed report: "Albanian-Montenegro Border Closed"]

[Text] The only official border-crossing between Montenegro and Albania, near Bozaj, 20km away from Podgorica, was closed two days ago. Unofficial sources explain this with authorities' attempts to stop the massive oil smuggling from Albania into Montenegro.

Ministry Releases Report on Economic Program

AU0606171094 Skopje MILS-NEWS in English 6 Jun 94

[Unattributed report: "Government's Analyses of Stabilization Processes"]

[Text] The stabilization program of the Macedonian [The Former Yugoslav Republic of Macedonia—FYROM] Government is globally being realized. The achieved economic results are within government expectations. This was published in the Ministry of Development's report on realization of the 1994 government's stabilization program in the first months of this year. This is immediately followed by references to several unexpected moments, more or less neglected at the very beginning. The Greek embargo is the central such problem, along with all of its harmful consequences. The inability to purchase raw materials, increased transportation costs, inability to distribute products to foreign markets—all contributed to reduced production and even closing down of certain factories. Lower production figures resulted in lower supply, decreased ability of financing the current production and public sector, and, finally, increase in deficit, especially in the economy. The country's balance of payments is also disturbed as Macedonia is not able to make use of the credits agreed on with the World Bank, previously realized through import of equipment and raw materials.

The economy continues to be highly insolvable and under a blow of high bank interests rates not duly coordinated with the fall of inflation. All of this presents a danger of wider social unrest and failure of the stabilization program.

On the other hand, limited wages, along with the stable course of the denar and restrictive monetary and public expenditure polices, kept prices down. The inflation is in rapid decrease ever since the beginning of the year—February market prices fell to 6.8 percent and to 2.4 percent in March and April—and all this is far below the inflation predicted with the stabilization program. The government is also satisfied with public expenditure figures—the adopted fiscal regulations announce lowering in deficits. The finances required for public needs were 11.8 billion denars in the first three months of this year, which is a real increase of 39 percent as compared to the same period last year. The budget income has increased by 47.6 percent and that of social funds by 26.2 percent. Nonetheless, the dynamics of income was not in accordance with the outcome. Positive results were reached only in the pension fund, the deficit for which was lowered from 367 million denars in January to 215.4 million denars in February and only 57.9 million denars in March. But the government neglected the personal tax.

The total monetary mass in the first three months was in coordination with financial transactions and demand for cash. As for the foreign currency sector, courses of hard currencies are stable, although this is achieved at the cost of imports, which the government is aware of. The exports decreased by 13.1 percent in the first 3 months, whereas the imports increased by 8.7 percent.

The government mostly criticizes its program for slow implementation of structural reforms in the real and financial sectors. The planned reconstruction of 25 firms with biggest losses is slowed down by slow privatization and control over it, and overstepped deadlines for privatization.

The government is making efforts to be ready for unexpected problems in the social welfare. It is preparing 8,000 denars aid for citizens who will lose jobs, as well as increased aid for the 50,000 families receiving welfare. For this purpose, the government is raising funds now, so that it prevents wider social unrest.

News Conference on Work of Constitutional Court

94P20825A Skopje NOVA MAKEDONIJA in Macedonian 29 Apr 94 p 4

[Editorial Report] On 29 April the Macedonian-language Skopje daily NOVA MAKEDONIJA publishes on page 4 a report by L.K. on the 28 April news conference of the Constitutional Court of The Former Yugoslav Republic of Macedonia (FYROM). Jordan Arsov, chairman of the Constitutional Court, told reporters that the year 1993 stands out because of the great number of cases involved and because of the "peculiar" atmosphere in which the court had to function. Reviewing the court's activities, Arsov said the court had reviewed 76 laws and 42 regulations, that is, twice as many as in 1992 and, in fact, the largest number of cases in the court's 30-year history. Cases involving the defense of the rights and liberties of individuals and citizens had grown significantly. There had also been initiatives contesting the constitutionality of the programs and statutes of three political parties.

The news conference brought out the fact that the court had ruled 13 laws unconstitutional; these related to the sale of socially owned housing, the republic's judicial council, the public prosecutor, public control over prices, basic rights to pensions and to disability insurance, expropriation of property, games of chance, defense, radio broadcasting, protection and utilization of farmland, the cabinet government, tax on turnover of goods

and services, and the reassignment of common premises in housing. Because the court questioned the compatibility of some laws with the Constitution, it ordered an appraisal of these laws. The most significant laws involved in this ongoing process concern internal affairs, criminal procedure, energy, preschool and primary education, preventive medicine, housing relationships, forests, and the Chamber of Commerce. To uphold the Constitution, the court also produced 50 intervening decisions; among these 47 were repealed and seven were annuled. This represents 42 percent of the total number of cases appealed to the court during the year. This type of activity constituted 30 percent of the court's cases during 1992. From this increase, NOVA MAKEDONIJA's reporter says, one can conclude that there have been significant constitutional and legal infringements.

According to the NOVA MAKEDONIJA reporter, the journalists used the forum to ask about the court's recent decision that license plates would have to have Cyrillic, rather than Latin, letters. The justices refuted the "epithets" made about this decision by Minister of Interior Frckovski at his news conference. They emphasized that the decision had been made unanimously. In the ensuing discussion, the justices explained some aspects of the court's operation and expressed concern over the lack of cooperation on the part of some legislators.

Federal

ΩSerbian, Montenegrin Press Notes

94P20853A

[Editorial Report] The following items on developments in the Federal Republic of Yugoslavia were drawn from recent Serb and Montenegrin periodicals.

Banks Having Liquidity Problems

The 5 May issue of the Belgrade daily POLITIKA reported that 13 banks had negative balances in their "giro" (non-savings) accounts during the first few days of May. That banks are having problems with liquidity is nothing new, POLITIKA said, but up to now "only" five to seven banks operated in the red on any given day. Bankers are not concealing their lack of liquidity, the paper observed, adding that the National Bank of Yugoslavia [NBJ] had threatened to block Investbanka's giro account completely because of Investbanka's shortage of dinars if it did not sell the NBJ foreign currency. Investbanka settled its debt with the central bank and continued to work undisturbed, POLITIKA noted.

The daily reported liquidity problems of the following banks:

—At Beobanka, the largest Serbian bank, deposits decreased by 20,000 dinars, and the bank did not have enough money on 4 May to conduct all of its transactions. A Beobanka official explained to POLITIKA that the money shortage is most likely due to the fact that salaries paid out by enterprises just before the 1 May holiday "had not yet returned to the money channels."

—Jugobanka also had problems with liquidity but covered its negative balance by selling foreign currency to the National Bank.

—The JIK bank had a negative balance for only one day. The bank's spokesperson said that the bank had enough cash to make all the payments to its customers but does not have enough money in the giro account for all its credit activities.

—"One of the most stable banks," the Vojvodjanska Bank, had a negative balance on 4 May. POLITIKA learned that this was due to the bank's payment of pensions. This resulted in the bank's halting the issuance of credits to businesses.

—The vice governor of the National Bank of Yugoslavia maintained that the situation is not as bleak as it looks and that, of the 13 banks which had a negative balance on 4 May, three banks—Vojvodjanska, Panonska, and Novosadska—"accounted for 95 percent of the shortage."

Belgrade Construction Firm Operating in Russia

Miroslav Subotic, president of the Belgrade construction company Komgrap, said in an interview in the 20 April Belgrade daily VECERNJE NOVOSTI that his firm continues to work on building sites in Russia, where 600 of its engineers, technicians, and laborers are employed. He noted that one advantage of a construction company is that it can work under "someone else's name." Subotic revealed plans to sign such a contract under "someone else's name" for an additional 1,000 Yugoslav workers, pointing out that the firm enjoys a competitive advantage by already having construction sites and equipment worth "tens of thousands of dollars" in Russia.

Subotic noted that as a result of the UN-imposed sanctions on Serbia and Montenegro more than $10 million due the firm for projects it had completed in England, Austria, Libya, Angola, and Russia have been frozen abroad. "We were able to recover some of the money with the help of Centrokop, which was given permission by UNPROFOR [UN Protection Forces] to import foodstuffs."

Irregularities in Podgorica Aluminum Combine

A "Commission for Monitoring the Work Process," established by the workers' council of the Podgorica Aluminum Combine, has issued a report alleging "numerous irregularities" in one of the largest collectives in Montenegro. The 20 May issue of the Podgorica weekly MONITOR reported that the commission has established that about 10,000 metric tons of aluminum worth over $12 million are unaccounted for. The commission obtained this figure, MONITOR said, by comparing the total annual production of 38,000 tons claimed by the combine's management with data in the combine's annual balance sheet. The commission also determined that large quantitites of equipment and other inventory are missing.

According to MONITOR "sources," the Aluminum Combine's general director, Danilo Vuksanovic, is awaiting appointment to another position, and "it is intended to conceal the entire issue from the public." The commission has turned over its findings to "relevant state authorities" for further investigation, MONITOR stated, adding that the commission had also found irregularities in the Podgorica firm's foreign currency business transactions and in the declared value of aluminum in the Zetatrans, Mosor, and Port of Bar warehouses. Based on the firm's business operations report, the warehoused aluminum is worth $1 per ton, while the world price of one ton of aluminum is about $1,100, MONITOR reported.

Polemic Between Patriarch Pavle, Bishop Artemije

The 21-22 May issue of the Belgrade daily BORBA reports that a polemic largely unnoticed by the popular media has broken out in the pages of SVETI LAZAR, the journal of the Raska-Prizren eparchy, between the bishop of that region, Artemije, and Patriarch Pavle. The

polemic was started, said BORBA, by Bishop Artemije's criticism of a sermon by Patriarch Pavle, in which the patriarch reportedly declared that Serbs, Croats, and Muslims had been suffering equally in Bosnia-Herzegovina and all needed peace because "we are all God's children." Bishop Artemije categorized the patriarch's position as "untenable from the Orthodox point of view." In response, Patriarch Pavle declared that he would "leave to people of goodwill and to all-knowing and all-seeing God to judge whatever I do."

According to the BORBA account, Bishop Artemije, "who is viewed as one of the most radical people in the Orthodox Church, answered without hesitation" in the next issue of SVETI LAZAR that similar statements could increasingly be heard from religious figures whose only intent was to give the impression of being "broad-minded" and "democratic." In defense of his position, Artemije cited an 11 February 1950 letter written by Bishop Nikolaj Velimirovic "in response to similar positions which existed after World War II." In that letter, Bishop Nikolaj wrote that he often had to "correct my priests when they said to the people—God is the father of all the people. This is not so. God is the creator of all the people, but God is the father only of those people who believe in the Son of God and the concept of sonship.... This difference between Christians and non-Christians should especially be emphasized in the present era of vulgar propaganda that all religions are the same...." It was in this context, Bishop Artemije concluded, that Patriarch Pavle's statement that "we are all God's children" was untenable from the Orthodox perspective.

Patriarch Pavle, answering Bishop Artemije in a subsequent issue of SVETI LAZAR, cited passages from the Old and New Testaments to support his view that all people are "sons of God and brothers." Stating that it would be up to the people and God to judge the reasons for his empathy with the suffering of the peoples in Bosnia-Herzegovina—"especially those who are the most powerless and most innocent, not only among the Serbs, but also among the Croats and Muslims"—he added that he was trying to make his believers understand that in the end "God will judge us by how we behaved and acted toward our weaker brothers."

Vojvodina

Vojvodina Croats Protest Seselj's Remarks

LD0706001294 Zagreb HTV Television in Serbo-Croatian 1730 GMT 6 Jun 94

[Text] In connection with a statement made by Serbian Radical Party Chairman Vojislav Seselj in Novi Banovci, that all Croats ought to be evicted from Serbia, the Democratic Alliance of Vojvodina Croats issued a public statement today saying:

The Democratic Alliance of Vojvodina Croats vehemently protests against Seselj's statement and appeals to all Croats in the Federal Republic of Yugoslavia to not be afraid, as Seselj is only providing the International War Crimes Tribunal with new evidence against himself. Seselj is simplifying consequences of the disintegration of the communist system and is offering solutions through ethnic cleansing, i.e. genocide, in order to reopen the circle of violence and conflicts and thus prolong the time in which violence would rule over reason, ethics, and morals, says the statement of the Democratic Alliance of Vojvodina Croats that was made public in Subotica today.

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